How the principles and structure of the future EU were designed and implemented in Nazi Germany before WW2 ended

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posted by pete fairhurst 2

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In Nazi Germany in 1942, the *Verein Berliner Kaufleute und Industrieller* and the *Wirtschafts-Hochschule Berlin* published a 229-page book called Europäische Wirtschaftsgemeinschaft — **European Economic Community**.

Fifteen years later, the Treaty of Rome1 set up an organisation with the same name.

The 1942 volume laid out administrative instruments — *Richtlinien, Directives, from a central body* — and they're **the same ones the European Commission uses today**. The features described in each chapter match those of the organisation set up in 1957 with eerie levels of precision.

Below is a chapter-by-chapter reading of the full volume, based on the original German document, translated into English for the benefit of the reader. **Each chapter spells out features that postwar Europe later adopted**.

The vocabulary, institutional form, and administrative instruments are all laid out in considerable operational detail.

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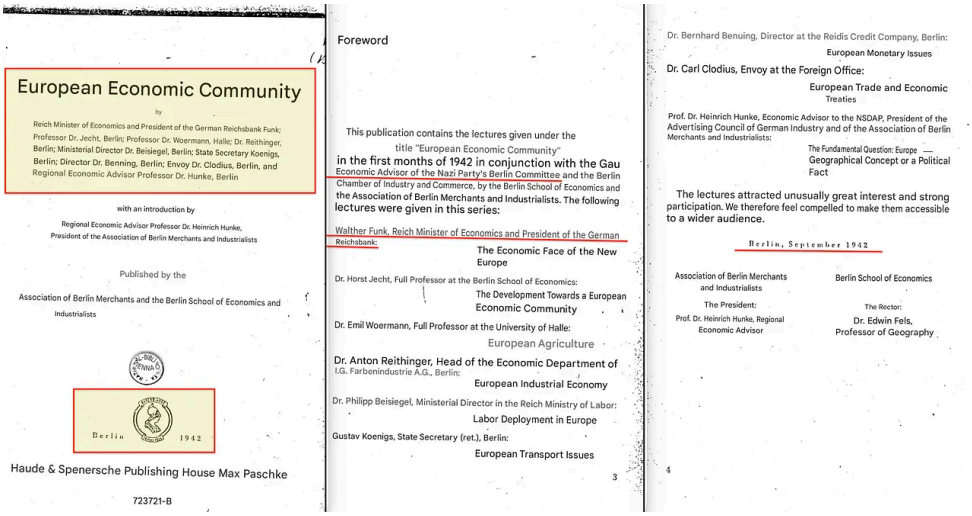

European Economic Community

by

Reich Minister of Economics and President of the German Reichsbank Funk; Professor Dr. Jecht, Berlin; Professor Dr. Woermann, Halle; Dr. Reithinger, Berlin; Ministerial Director Dr. Beisiegel, Berlin; State Secretary Koenigs, Berlin; Director Dr. Benning, Berlin; Envoy Dr. Clodius, Berlin, and Regional Economic Advisor Professor Dr. Hunke, Berlin

with an introduction by

Regional Economic Advisor Professor Dr. Heinrich Hunke, President of the Association of Berlin Merchants and Industrialists

Published by the

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Foreword

This publication contains the lectures given under the title "European Economic Community" in the first months of 1942 in conjunction with the Gau Economic Advisor of the Nazi Party's Berlin Committee and the Berlin Chamber of Industry and Commerce, by the Berlin School of Economics and the Association of Berlin Merchants and Industrialists. The following lectures were given in this series:

Walther Funk, Reich Minister of Economics and President of the German Reichsbank: The Economic Face of the New Europe

Dr. Horst Jecht, Full Professor at the Berlin School of Economics: The Development Towards a European Economic Community

Dr. Emil Woermann, Full Professor at the University of Halle: European Agriculture

Dr. Anton Reithinger, Head of the Economic Department of I.G. Farbenindustrie A.G., Berlin: European Industrial Economy

Dr. Philipp Beisiegel, Ministerial Director in the Reich Ministry of Labor: Labor Deployment in Europe

Gustav Koenigs, State Secretary (ret.), Berlin: European Transport Issues

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Dr. Bernhard Benuing, Director at the Reidis Credit Company, Berlin: European Monetary Issues

Dr. Carl Clodius, Envoy at the Foreign Office: European Trade and Economic Treaties

Prof. Dr. Heinrich Hunke, Economic Advisor to the NSDAP, President of the Advertising Council of German Industry and of the Association of Berlin Merchants and Industrialists: The Fundamental Question: Europe — Geographical Concept or a Political Fact

The lectures attracted unusually great interest and strong participation. We therefore feel compelled to make them accessible to a wider audience.

Berlin, September 1942

Association of Berlin Merchants and Industrialists
The President:
Prof. Dr. Heinrich Hunke, Regional Economic Advisor

Berlin School of Economics
The Rector:
Dr. Edwin Fels, Professor of Geography

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Hunke's introduction: *Wirtschaftsführung*

Hunke's introduction traces the discussion back to Alfred Rosenberg's Europa-Kongreß in Rome in November 19322 and Walther Funk's official announcement of 25 June 19403, previously covered in the essay on *Julius Wolf*. Its core is three numbered principles under *Wirtschaftsführung* — **economic leadership**.

Julius Wolf

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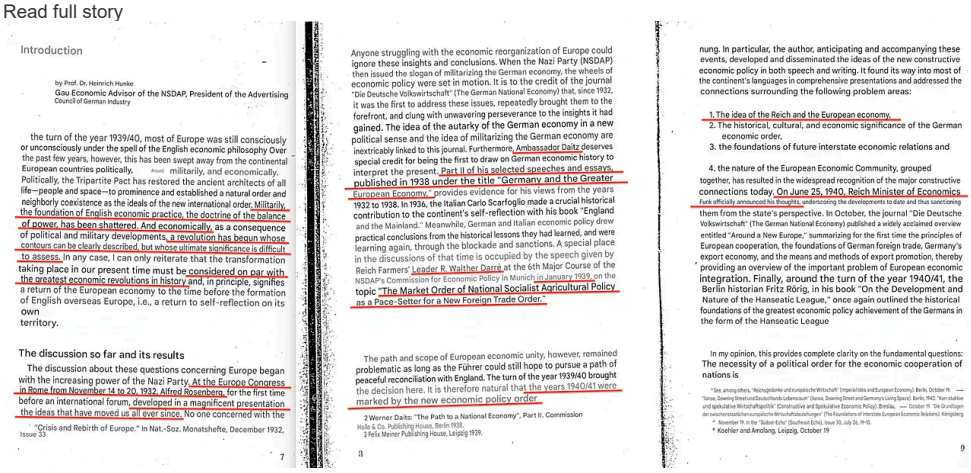

Introduction

by Prof. Dr. Heinrich Hunke
Gau Economic Advisor of the NSDAP, President of the Advertising Council of German Industry

the turn of the year 1939/40, most of Europe was still consciously or unconsciously under the spell of the English economic philosophy Over the past few years, however, this has been swept away from the continental European countries politically, militarily, and economically. Politically, the Tripartite Pact has restored the ancient architects of all life—people and space—to prominence and established a natural order and neighborly coexistence as the ideals of the new international order. Militarily, the foundation of English economic practice, the doctrine of the balance of power, has been shattered. And economically, as a consequence of political and military developments, a revolution has begun whose contours can be clearly described, but whose ultimate significance is difficult to assess. In any case, I can only reiterate that the transformation taking place in our present time must be considered on par with the greatest economic revolutions in history and, in principle, signifies a return of the European economy to the time before the formation of English overseas Europe, i.e., a return to self-reflection on its own territory.

The discussion so far and its results

The discussion about these questions concerning Europe began with the increasing power of the Nazi Party. At the Europe Congress in Rome from November 14 to 20, 1932, Alfred Rosenberg, for the first time before an international forum, developed in a magnificent presentation the ideas that have moved us all ever since. No one concerned with the

1 "Crisis and Rebirth of Europe." In Nat.-Soz. Monatshefte, December 1932, Issue 33

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Anyone struggling with the economic reorganization of Europe could ignore these insights and conclusions. When the Nazi Party (NSDAP) then issued the slogan of militarizing the German economy, the wheels of economic policy were set in motion. It is to the credit of the journal "Die Deutsche Volkswirtschaft" (The German National Economy) that, since 1932, it was the first to address these issues, repeatedly brought them to the forefront, and clung with unwavering perseverance to the insights it had gained. The idea of the autarky of the German economy in a new political sense and the idea of militarizing the German economy are inextricably linked to this journal. Furthermore, Ambassador Daitz deserves special credit for being the first to draw on German economic history to interpret the present. Part II of his selected speeches and essays, published in 1938 under the title "Germany and the Greater European Economy," provides evidence for his views from the years 1932 to 1938. In 1936, the Italian Carlo Scarfoglio made a crucial historical contribution to the continent's self-reflection with his book "England and the Mainland." Meanwhile, German and Italian economic policy drew practical conclusions from the historical lessons they had learned, and were learning again, through the blockade and sanctions. A special place in the discussions of that time is occupied by the speech given by Reich Farmers' Leader R. Walther Darré at the 6th Major Course of the NSDAP's Commission for Economic Policy in Munich in January 1939, on the topic "The Market Order of National Socialist Agricultural Policy as a Pace-Setter for a New Foreign Trade Order."

The path and scope of European economic unity, however, remained problematic as long as the Führer could still hope to pursue a path of peaceful reconciliation with England. The turn of the year 1939/40 brought the decision here. It is therefore natural that the years 1940/41 were marked by the new economic policy order

2 Werner Daitz: "The Path to a National Economy", Part II. Commission Hoffe & Co. Publishing House, Berlin 1938.
3 Felix Meiner Publishing House, Leipzig 1939.

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nung. In particular, the author, anticipating and accompanying these events, developed and disseminated the ideas of the new constructive economic policy in both speech and writing. It found its way into most of the continent's languages in comprehensive presentations and addressed the connections surrounding the following problem areas:

1. The idea of the Reich and the European economy.
2. The historical, cultural, and economic significance of the German economic order,
3. the foundations of future interstate economic relations and

4. the nature of the European Economic Community, grouped together, has resulted in the widespread recognition of the major constructive connections today. On June 25, 1940, Reich Minister of Economics Funk officially announced his thoughts, underscoring the developments to date and thus sanctioning them from the state's perspective. In October, the journal "Die Deutsche Volkswirtschaft" (The German National Economy) published a widely acclaimed overview entitled "Around a New Europe," summarizing for the first time the principles of European cooperation, the foundations of German foreign trade, Germany's export economy, and the means and methods of export promotion, thereby providing an overview of the important problem of European economic integration. Finally, around the turn of the year 1940/41, the Berlin historian Fritz Rörig, in his book "On the Development and Nature of the Hanseatic League," once again outlined the historical foundations of the greatest economic policy achievement of the Germans in the form of the Hanseatic League

In my opinion, this provides complete clarity on the fundamental questions: The necessity of a political order for the economic cooperation of nations is

* See, among others, "Reichsgedanke und europäische Wirtschaft" (Imperial Idea and European Economy). Berlin, October 19. — "Ilanse, Downing Street und Deutschlands Lebensraum" (Ilanse, Downing Street and Germany's Living Space). Berlin, 1942. "Kon-struktive und spekulative Wirtschaftspolitik" (Constructive and Speculative Economic Policy). Breslau. — October 11. "Die Grundlagen der zwischenstaatlichen europäische Wirtschaftsbeziehungen" (The Foundations of Interstate European Economic Relations). Königsberg.

** November 19, in the "Sächen-Echo" (Southeast Echo), Issue 30, July 26, 19-10.

† Koehler and Amelang, Leipzig, October 19

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The first says **economic leadership isn't a temporary emergency measure but the core of a new theory and practice, replacing the autonomous egoism and automatic self-regulation of the Anglo-Saxon doctrine**. The second says **economic steering isn't the same as a planned economy** — it doesn't seek to eliminate the individual or have the state run the economy. The third says **economic leadership means redirecting the individual's creative power toward the concerns of the whole**, producing a unified economic outlook, setting decisive tasks through political leadership, and **letting the state make the final decision in all economic power questions**, while leaving the economy otherwise free and self-responsible.

That third principle contains the full operating sequence in compressed form: the *[ethic]* — *reorientation toward the concerns of the whole* — **authorises the *[standard]* of a unified economic outlook, which feeds into the *[clearing]* function of making the final decision in all *[settled]* economic power questions**, while the individual operates freely within parameters set by the leadership.

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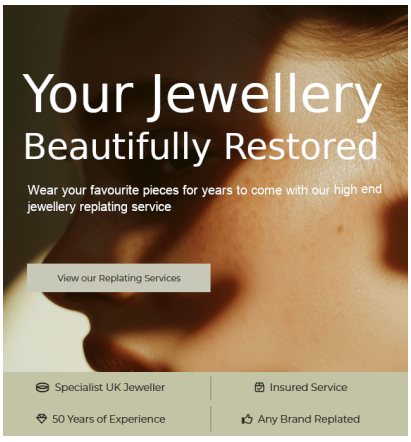

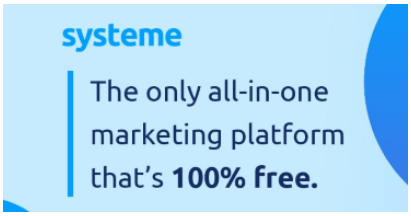

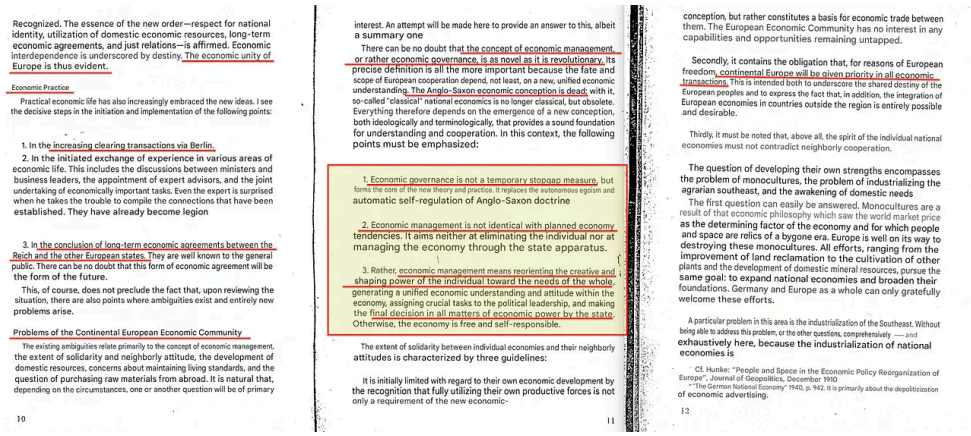

Recognized. The essence of the new order—respect for national identity, utilization of domestic economic resources, long-term economic agreements, and just relations—is affirmed. Economic interdependence is underscored by destiny. The economic unity of Europe is thus evident.

Economic Practice

Practical economic life has also increasingly embraced the new ideas. I see the decisive steps in the initiation and implementation of the following points:

1. In the increasing clearing transactions via Berlin.
2. In the initiated exchange of experience in various areas of economic life. This includes the discussions between ministers and business leaders, the appointment of expert advisors, and the joint undertaking of economically important tasks. Even the expert is surprised when he takes the trouble to compile the connections that have been established. They have already become legion

3. In the conclusion of long-term economic agreements between the Reich and the other European states. They are well known to the general public. There can be no doubt that this form of economic agreement will be the form of the future.

This, of course, does not preclude the fact that, upon reviewing the situation, there are also points where ambiguities exist and entirely new problems arise.

Problems of the Continental European Economic Community

The existing ambiguities relate primarily to the concept of economic management, the extent of solidarity and neighborly attitude, the development of domestic resources, concerns about maintaining living standards, and the question of purchasing raw materials from abroad. It is natural that, depending on the circumstances, one or another question will be of primary

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interest. An attempt will be made here to provide an answer to this, albeit a summary one

There can be no doubt that the concept of economic management, or rather economic governance, is as novel as it is revolutionary. Its precise definition is all the more important because the fate and scope of European cooperation depend, not least, on a new, unified economic understanding. The Anglo-Saxon economic conception is dead; with it, so-called "classical" national economics is no longer classical, but obsolete. Everything therefore depends on the emergence of a new conception, both ideologically and terminologically, that provides a sound foundation for understanding and cooperation. In this context, the following points must be emphasized:

1. Economic governance is not a temporary stopgap measure, but forms the core of the new theory and practice. It replaces the autonomous egoism and automatic self-regulation of Anglo-Saxon doctrine

2. Economic management is not identical with planned economy tendencies. It aims neither at eliminating the individual nor at managing the economy through the state apparatus.

3. Rather, economic management means reorienting the creative and shaping power of the individual toward the needs of the whole, generating a unified economic understanding and attitude within the economy, assigning crucial tasks to the political leadership, and making the final decision in all matters of economic power by the state. Otherwise, the economy is free and self-responsible.

The extent of solidarity between individual economies and their neighborly attitudes is characterized by three guidelines:

It is initially limited with regard to their own economic development by the recognition that fully utilizing their own productive forces is not only a requirement of the new economic-

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conception, but rather constitutes a basis for economic trade between them. The European Economic Community has no interest in any capabilities and opportunities remaining untapped.

Secondly, it contains the obligation that, for reasons of European freedom, continental Europe will be given priority in all economic transactions. This is intended both to underscore the shared destiny of the European peoples and to express the fact that, in addition, the integration of European economies in countries outside the region is entirely possible and desirable.

Thirdly, it must be noted that, above all, the spirit of the individual national economies must not contradict neighborly cooperation.

The question of developing their own strengths encompasses the problem of monocultures, the problem of industrializing the agrarian southeast, and the awakening of domestic needs

The first question can easily be answered. Monocultures are a result of that economic philosophy which saw the world market price as the determining factor of the economy and for which people and space are relics of a bygone era. Europe is well on its way to destroying these monocultures. All efforts, ranging from the improvement of land reclamation to the cultivation of other plants and the development of domestic mineral resources, pursue the same goal: to expand national economies and broaden their foundations. Germany and Europe as a whole can only gratefully welcome these efforts.

A particular problem in this area is the industrialization of the Southeast. Without being able to address this problem, or the other questions, comprehensively — and exhaustively here, because the industrialization of national economies is

Cf. Hunke: "People and Space in the Economic Policy Reorganization of Europe", Journal of Geopolitics, December 1940
"The German National Economy" 1940, p. 942. It is primarily about the depoliticization of economic advertising.

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Replace '*the state*' with '*the clearing infrastructure*' and the description fits today's system without any further change, with the individual remaining free and self-responsible — within conditions set by standards bodies and enforced at the point of settlement.

The three principles describe neither a free market nor a command economy but a '*third way*' *(Trisectoral Network in UN jargon)*. The left doesn't see it because it looks like capitalism — private enterprise, profit, entrepreneurial initiative — while the right doesn't see it because it looks like freedom — self-responsibility, performance, no state administration of the economy. **Neither side tends to grasp what's actually being described: a system where the individual is free within parameters they didn't set, operating under standards they can't read, settled through a clearing function they can't see**.

Hunke also sets out a five-point solidarity programme for the continental economic community, including provisions that each national economy's growth should benefit its trading partners, that economic traffic should prioritise continental Europe, and that the community obliges its members to leave no productive capacities unused. Pages 8–9 reference two predecessors — *Werner Daitz and Carlo Scarfoglio* — confirming that **the conference documented a programme already under implementation through existing institutional channels**, rather than proposing one for the first time.

The Clearinghouse

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Revival of wisdom

Funk: the economic face of the new Europe

Walther Funk, Reichswirtschaftsminister and President of the Deutsche Reichsbank, wrote the volume's core chapter. It opens at the *Schicksalswende — the fateful turning point* — and names two defining features of the new European economy: *Gemeinschaftsarbeit und Wirtschaftsfreiheit*, or **community work and economic freedom**.

Pages 18–21 set out Funk's diagnosis of the British clearing system. Liberal free trade theory promised that each nation would produce what it made most cheaply, buy on the world market at the lowest prices, and harmony would follow. In practice, **only England benefited** because it held the industrial lead, the largest fleet, and the financial infrastructure. **The gold standard, manipulated from England, allowed frictionless payment settlement, so the whole world worked in *englischem Solde* — on English terms**. Then the key passage on page 20: *denn für Geld konnte man alles kaufen, insbesondere auch die öffentliche Meinung* — **for money one could buy everything, including public opinion**.

Funk's argument is a structural diagnosis: **the British clearing system** — *gold standard, settlement infrastructure, commercial network* — **formed the governance architecture of the liberal order**. He proposed to keep the clearing function itself but replace the ethic running through it. The British ethic was individual profit maximised through settlement infrastructure controlled from London. **The new ethic was *Gemeinschaftsarbeit — community work* — run through a continental clearing system controlled from Berlin**. Same form, different ethic, different operator.

The system Funk diagnosed had a specific operator. **The Rothschild family** controlled the Almadén mercury mines in Spain — *the world's largest mercury deposit* — through financing arrangements from the 1830s. Mercury was essential to the amalgamation process that refined gold from ore. The family also held the Royal Mint Refinery contract in London, processing the gold that entered the British monetary system. They **controlled the input to gold refining, the refining process itself, and the institution that certified the output as monetary gold**.

At the 1892 Brussels International Monetary Conference4, Alfred de Rothschild — *a former Director of the Bank of England* — praised the London Clearing House as approaching '*perfection*': an institution settling a hundred million pounds weekly without cash or banknotes as an intermediary.

At the same conference, Julius Wolf proposed scaling that exact architecture to the international plane5. On page 19 of the volume that specifies the continental replacement, **Funk blames the gold standard for making the world work on English terms** — diagnosing the system the Rothschilds operated while proposing to replace its operator, but retain the form. When the gold standard collapsed and the Royal Mint Refinery contract was sold in 1967, the clearing function migrated from gold settlement to managed exchange rates, then to the euro, then to programmable digital settlement. The regime that set out to replace the Rothschild clearing system ended up producing the specification for its next iteration.

The Rothschild Nexus

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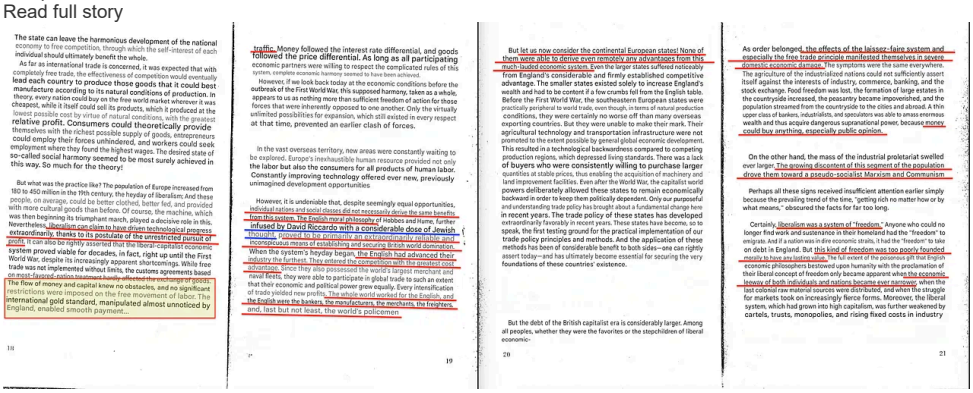

Pages 24–25 explicitly invoke Friedrich List and the *Zollverein*. Before the 1843 customs union, Germany consisted of more than a hundred fragmented economic territories. Nobody today would say German economic power weakened after removing those barriers. Economic unification preceded political unification.

Funk proposes repeating List's sequence at European scale: economic integration first, political unification follows.

David Blake's paper cites this passage as evidence of the structural parallel with the EU.

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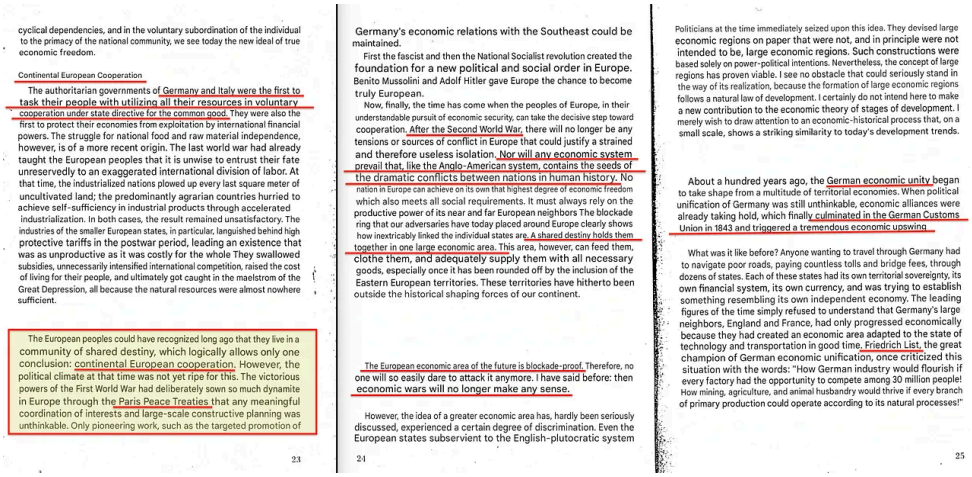
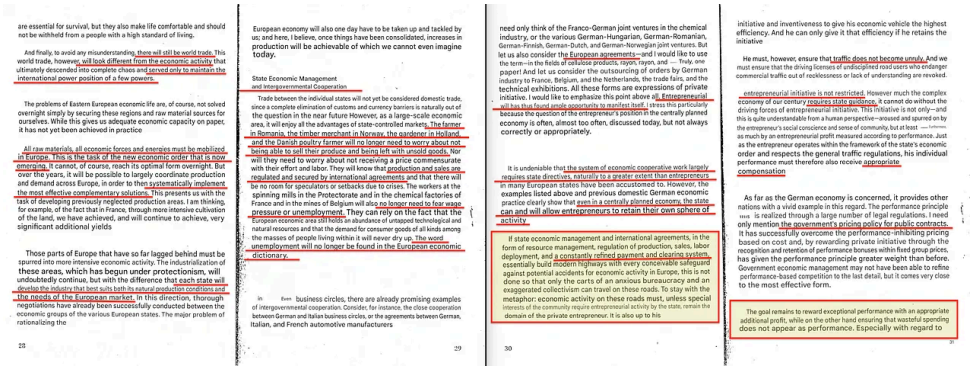


Pages 28–31 describe how it works. Trade between states gets all the advantages of state market steering. The Romanian farmer, Dutch gardener, and Norwegian timber trader don't need to worry about unsold products. Interstate treaties secure production and sales. Entrepreneurial initiative remains free, but **entrepreneurs stay within the lanes of the state economic order and respect the general traffic regulations**. The metaphor is roads and traffic rules: the state owns the infrastructure; private individuals do the driving.

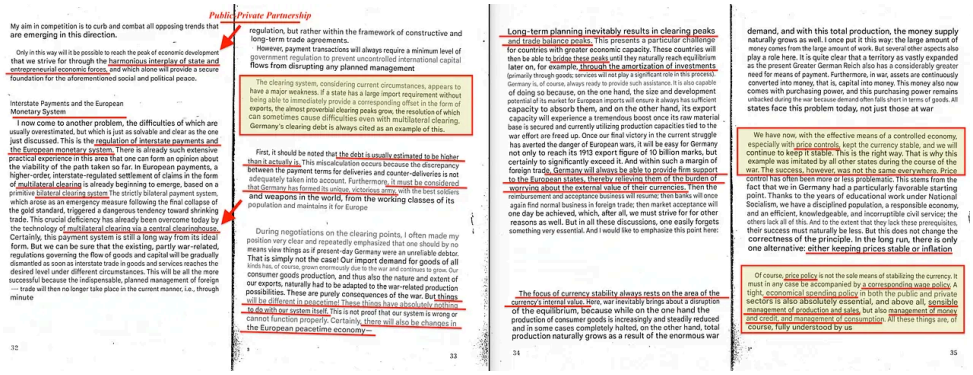
Page 30 names the administrative instrument: *daß das System der wirtschaftlichen Gemeinschaftsarbeit weitgehend staatlicher Direktiven bedarf* — **the system of economic community work needs state Directives more than entrepreneurs have been used to**. The word is *Direktiven*. The EU's primary legislative instrument is the Directive — *Richtlinie*. The same terminology runs from the volume's title to the instruments it specifies.



Pages 32–35 trace the evolution from bilateral to multilateral clearing through a *zentraler Clearingplatz* — a **central clearing place**. Page 32 frames the system as a harmonious interplay of state and entrepreneurial economic forces — **public-private partnership in 1942 language**. Payment traffic always needs a minimum of state regulation — *Allerdings wird der Zahlungsverkehr stets ein solches Mindestmaß staatlicher Regelung erfahren müssen* — to stop uncontrollable international capital movements from disrupting planned steering.

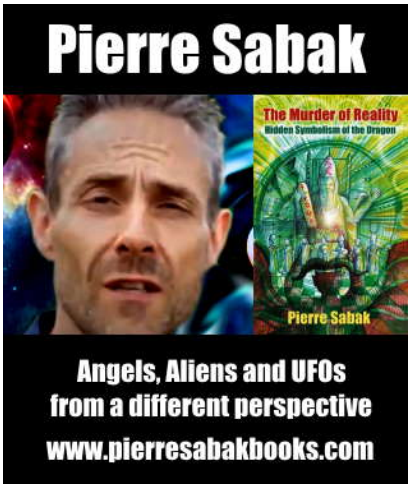
Capital controls are a permanent design principle, not just a wartime emergency.

Pages 34–35 name five domains of management as a single coordinated system: **production, sales, money, credit, and consumption — each explicitly requiring state direction, each interlocking with the others so that no domain can be managed in isolation**. Then: '*All these things are, of course, fully understood by us*'. This is a specification, not a position paper: practitioners documenting the operational detail of how **the clearing function governs the economy across every domain simultaneously**, and stating plainly that they know exactly what they're building.



The chapter's closing pages contain the theoretical foundation. Page 38 states the position on gold: it is neither good nor bad in itself — it only depends on how it is used. **Gold isn't the problem. Who operates the system it flows through is the problem**.

Pages 39-40 quote the Führer directly: '*We are not talking about capital, but about labor, and we are utilizing this labor one hundred percent*'. The same proposition that began with Feder's '*money as a voucher for completed*



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Then the **two prerequisites** for a lasting European economic community. **The first is economic: securing the European living and economic space**. **The second is ethical:** the will to European cooperation, shaped under wartime pressure, must become the guiding principle of peacetime economic sentiment — **a constant effort to coordinate the major objectives and the tasks ahead.**

A post-war, centrally defined purpose.

Page 41 closes with the social conscience. *Eine solche Wirtschaftsgesinnung verlangt ein soziales Gewissen* — **such an economic mentality demands a social conscience**. And the closing line: the **new European economy will regard the fulfilment of its social obligations as its foremost task**.

The war is not least about a new economic order — it is also the decisive stage of a social revolution. The framework is **Moses Hess**'s — *the moralisation of economic life* — restated without citation by the Reichswirtschaftsminister.

The **ethic** authorises the **standard**, which feeds the **clearing** architecture, produces **settlement**, and frames the **outcome** as a social obligation.

The Social Blood

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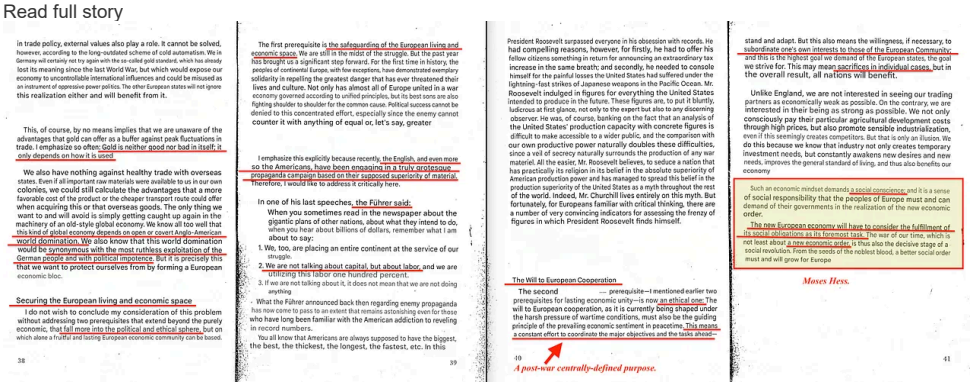

in trade policy, external values also play a role. It cannot be solved, however, according to the long-outdated scheme of cold automatism. We in Germany will certainly not try again with the so-called gold standard, which has already lost its meaning since the last World War, but which would expose our economy to uncontrollable international influences and could be misused as an instrument of oppressive power politics. The other European states will not ignore this realization either and will benefit from it.

This, of course, by no means implies that we are unaware of the advantages that gold can offer as a buffer against peak fluctuations in trade. I emphasize so often: Gold is neither good nor bad in itself: it only depends on how it is used.

We also have nothing against healthy trade with overseas states. Even if all important raw materials were available to us in our own colonies, we could still calculate the advantages that a more favorable cost of the product or the cheaper transport route could offer when acquiring this or that overseas goods. The only thing we want to and will avoid is simply getting caught up again in the machinery of an old-style global economy. We know all too well that this kind of global economy depends on open or covert Anglo-American world domination. We also know that this world domination would be synonymous with the most ruthless exploitation of the German people and with political impotence. But it is precisely this that we want to protect ourselves from by forming a European economic bloc.

Securing the European living and economic space

I do not wish to conclude my consideration of this problem without addressing two prerequisites that extend beyond the purely economic, that fall more into the political and ethical sphere, but on which alone a fruitful and lasting European economic community can be based.

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The first prerequisite is the safeguarding of the European living and economic space. We are still in the midst of the struggle. But the past year has brought us a significant step forward. For the first time in history, the peoples of continental Europe, with few exceptions, have demonstrated exemplary solidarity in repelling the greatest danger that has ever threatened their lives and culture. Not only has almost all of Europe united in a war economy governed according to unified principles, but its best sons are also fighting shoulder to shoulder for the common cause. Political success cannot be denied to this concentrated effort, especially since the enemy cannot counter it with anything of equal or, let's say, greater

I emphasize this explicitly because recently, the English, and even now so the Americans, have been engaging in a truly grotesque propaganda campaign based on their supposed superiority of material. Therefore, I would like to address it critically here.

In one of his last speeches, the Führer said:

When you sometimes read in the newspaper about the gigantic plans of other nations, about what they intend to do, when you hear about billions of dollars, remember what I am about to say:

1. We, too, are placing an entire continent at the service of our struggle.
2. We are not talking about capital, but about labor, and we are utilizing this labor one hundred percent.
3. If we are not talking about it, it does not mean that we are not doing anything.

What the Führer announced back then regarding enemy propaganda has now come to pass to an extent that remains astonishing even for those who have long been familiar with the American addiction to reveling in record numbers.

You all know that Americans are always supposed to have the biggest, the best, the thickest, the longest, the fastest, etc. In this

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President Roosevelt surpassed everyone in his obsession with records. He had compelling reasons, however, for firstly, he had to offer his fellow citizens something in return for announcing an extraordinary tax increase in the same breath; and secondly, he needed to console himself for the painful losses the United States had suffered under the lightning-fast strikes of Japanese weapons in the Pacific Ocean. Mr. Roosevelt indulged in figures for everything the United States intended to produce in the future. These figures are, to put it bluntly, ludicrous at first glance, not only to the expert but also to any discerning observer. He was, of course, banking on the fact that an analysis of the United States' production capacity with concrete figures is difficult to make accessible to a wider public, and the comparison with our own productive power naturally doubles these difficulties, since a veil of secrecy naturally surrounds the production of any war material. All the easier, Mr. Roosevelt believes, to seduce a nation that has practically its religion in its belief in the absolute superiority of American production power and has managed to spread this belief in the production superiority of the United States as a myth throughout the rest of the world. Indeed, Mr. Churchill lives entirely on this myth. But fortunately, for Europeans familiar with critical thinking, there are a number of very convincing indicators for assessing the frenzy of figures in which President Roosevelt finds himself.

The Will to European Cooperation

The second — prerequisite—I mentioned earlier two prerequisites for lasting economic unity—is now an ethical one: The will to European cooperation, as it is currently being shaped under the harsh pressure of wartime conditions, must also be the guiding principle of the prevailing economic sentiment in peacetime. This means a constant effort to coordinate the major objectives and the tasks ahead—

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A post-war centrally-defined purpose.

stand and adapt. But this also means the willingness, if necessary, to subordinate one's own interests to those of the European Community, and this is the highest goal we demand of the European states, the goal we strive for. This may mean sacrifices in individual cases, but in the overall result, all nations will benefit.

Unlike England, we are not interested in seeing our trading partners as economically weak as possible. On the contrary, we are interested in their being as strong as possible. We not only consciously pay their particular agricultural development costs through high prices, but also promote sensible industrialization, even if this seemingly creates competitors. But that is only an illusion. We do this because we know that industry not only creates temporary investment needs, but constantly awakens new desires and new needs, improves the general standard of living, and thus also benefits our economy.

Such an economic mindset demands a social conscience, and it is a sense of social responsibility that the peoples of Europe must and can demand of their governments in the realization of the new economic order.

The new European economy will have to consider the fulfillment of its social obligations as its foremost task. The war of our time, which is not least about a new economic order, is thus also the decisive stage of a social revolution. From the seeds of the noblest blood, a better social order must and will grow for Europe

Moses Hess.

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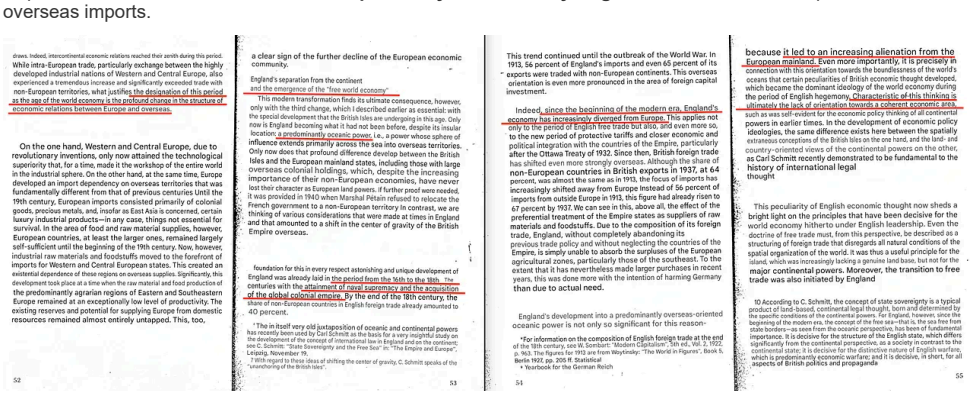
Jecht: the historical development

Horst Jecht, professor at the Wirtschafts-Hochschule Berlin, wrote the historical backbone. His chapter traces the European *Großwirtschaftsraum* from late antiquity through the medieval period, the Hanseatic League, the age of discovery, Britain's oceanic turn, and the collapse of the liberal world economy. A *Großwirtschaftsraum* needs two things: **mutual economic links within a defined area, and a common framework binding the space together**. It doesn't require submission to a single state will.

The Hanse passage distinguishes the Hanseatic model from a mere trade monopoly. The Hanseatic merchant didn't just exploit commercial advantage — he stimulated and organised production in the countries he traded with. His strength lay in the connection function, **controlling the path between producers rather than owning production itself**.

Pages 52–57 trace Britain's shift to an oceanic power through Carl Schmitt's distinction between land-based and sea-based sovereignty. **Free trade wasn't a universal principle but an expression of Britain's particular situation**. List had already noted that the English might as well have packed a copy of Adam Smith with every shipment. **Britain's real aim was for Europe to stay economically fragmented**, its countries dependent on vital overseas imports.



drawn. Indeed, intercontinental economic relations reached their zenith during this period. While intra-European trade, particularly exchange between the highly developed industrial nations of Western and Central Europe, also experienced a tremendous increase and significantly exceeded trade with non-European territories, what justifies the designation of this period as the age of the world economy is the profound change in the structure of economic relations between Europe and overseas.

On the one hand, Western and Central Europe, due to revolutionary inventions, only now attained the technological superiority that, for a time, made it the workshop of the entire world in the industrial sphere. On the other hand, at the same time, Europe developed an import dependency on overseas territories that was fundamentally different from that of previous centuries. Until the 19th century, European imports consisted primarily of colonial goods, precious metals, and, insofar as East Asia is concerned, certain luxury industrial products—in any case, things not essential for survival. In the area of food and raw material supplies, however, European countries, at least the larger ones, remained largely self-sufficient until the beginning of the 19th century. Now, however, industrial raw materials and foodstuffs moved to the forefront of imports for Western and Central European states. This created an existential dependence of these regions on overseas supplies. Significantly, this development took place at a time when the raw material and food production of the predominantly agrarian regions of Eastern and Southeastern Europe remained at an exceptionally low level of productivity. The existing reserves and potential for supplying Europe from domestic resources remained almost entirely untapped. This, too,

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a clear sign of the further decline of the European economic community.

England's separation from the continent and the emergence of the "free world economy"

This modern transformation finds its ultimate consequence, however, only with the third change, which I described earlier as essential: with the special development that the British Isles are undergoing in this age. Only now is England becoming what it had not been before, despite its insular location: a predominantly oceanic power, i.e., a power whose sphere of influence extends primarily across the sea into overseas territories. Only now does that profound difference develop between the British Isles and the European mainland states, including those with large overseas colonial holdings, which, despite the increasing importance of their non-European economies, have never lost their character as European land powers. If further proof were needed, it was provided in 1940 when Marshal Pétain refused to relocate the French government to a non-European territory. In contrast, we are thinking of various considerations that were made at times in England and that amounted to a shift in the center of gravity of the British Empire overseas.

foundation for this in every respect astonishing and unique development of England was already laid in the period from the 16th to the 18th. The centuries with the attainment of naval supremacy and the acquisition of the global colonial empire. By the end of the 18th century, the share of non-European countries in English foreign trade already amounted to 40 percent.

* The in itself very old juxtaposition of oceanic and continental powers has recently been used by Carl Schmitt as the basis for a very insightful study on the development of the concept of international law in England and on the continent; see C. Schmitt: "State Sovereignty and the Free Sea" in: "The Empire and Europe", Leipzig, November 19.
7 With regard to these ideas of shifting the center of gravity, C. Schmitt speaks of the "unanchoring of the British Isles".

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This trend continued until the outbreak of the World War. In 1913, 56 percent of England's imports and even 65 percent of its exports were traded with non-European continents. This overseas orientation is even more pronounced in the area of foreign capital investment.

Indeed, since the beginning of the modern era, England's economy has increasingly diverged from Europe. This applies not only to the period of English free trade but also, and even more so, to the new period of protective tariffs and closer economic and political integration with the countries of the Empire, particularly after the Ottawa Treaty of 1932. Since then, British foreign trade has shifted even more strongly overseas. Although the share of non-European countries in British exports in 1937, at 64 percent, was almost the same as in 1913, the focus of imports has increasingly shifted away from Europe. Instead of 56 percent of imports from outside Europe in 1913, this figure had already risen to 67 percent by 1937. We can see in this, above all, the effect of the preferential treatment of the Empire states as suppliers of raw materials and foodstuffs. Due to the composition of its foreign trade, England, without completely abandoning its previous trade policy and without neglecting the countries of the Empire, is simply unable to absorb the surpluses of the European agricultural zones, particularly those of the southeast. To the extent that it has nevertheless made larger purchases in recent years, this was done more with the intention of harming Germany than due to actual need.

England's development into a predominantly overseas-oriented oceanic power is not only so significant for this reason-

* For information on the composition of English foreign trade at the end of the 18th century, see W. Sombart: "Modern Capitalism", 3th ed., Vol. 2, 1922, p. 963. The figures for 1913 are from Woytinsky: "The World in Figures", Book 5, Berlin 1927, pp. 205 ff. Statistical
• Yearbook for the German Reich

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because it led to an increasing alienation from the European mainland. Even more importantly, it is precisely in connection with this orientation towards the boundlessness of the world's oceans that certain peculiarities of British economic thought developed, which became the dominant ideology of the world economy during the period of English hegemony. Characteristic of this thinking is ultimately the lack of orientation towards a coherent economic area, such as was self-evident for the economic policy thinking of all continental powers in earlier times. In the development of economic policy ideologies, the same difference exists here between the spatially extraneous conceptions of the British Isles on the one hand, and the land- and country-oriented views of the continental powers on the other, as Carl Schmitt recently demonstrated to be fundamental to the history of international legal thought.

This peculiarity of English economic thought now sheds a bright light on the principles that have been decisive for the world economy hitherto under English leadership. Even the doctrine of free trade must, from this perspective, be described as a structuring of foreign trade that disregards all natural conditions of the spatial organization of the world. It was thus a useful principle for the island, which was increasingly lacking a genuine land base, but not for the major continental powers. Moreover, the transition to free trade was also initiated by England

10 According to C. Schmitt, the concept of state sovereignty is a typical product of land-based, continental legal thought, born and determined by the specific conditions of the continental powers. For England, however, since the beginning of the modern era, the concept of the free sea—that is, the sea free from state borders—as seen from the oceanic perspective, has been a fundamental importance. It is decisive for the structure of the English state, which differs significantly from the continental perspective, as a society in contrast to the continental state; it is decisive for the distinctive nature of English warfare, which is predominantly economic warfare; and it is decisive, in short, for all aspects of British politics and propaganda

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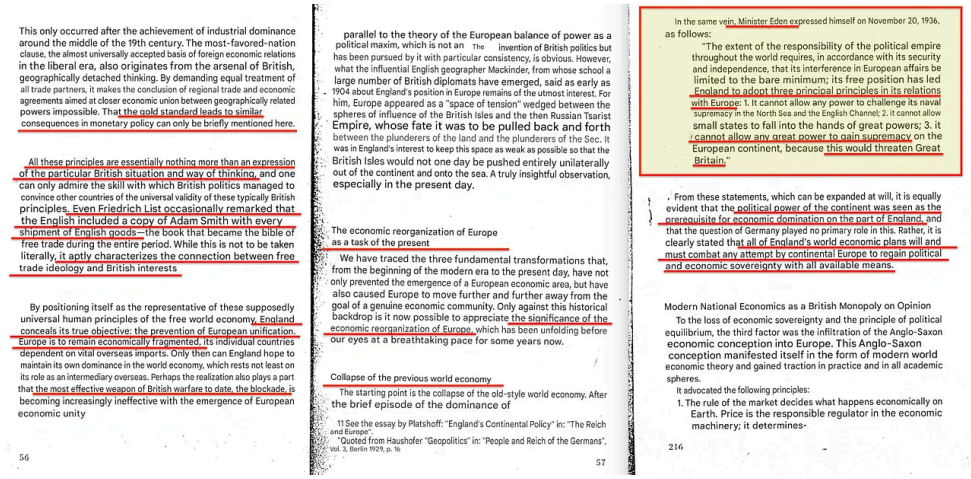
Jecht confirms this from the British side with Minister Eden's speech of 20 November 1936 on page 216. Eden gives three principles for Britain's relations with Europe: **no power may challenge British naval supremacy in the North Sea and Channel; no small states may fall into the hands of great powers; and no great power may achieve supremacy on the European continent, as this would threaten Great Britain**.

This is the clearing function as geopolitical doctrine — *keep Europe fragmented, control the sea lanes, prevent continental consolidation* — quoted by a historian.



Pages 62–63 set out the method: **long-term bilateral treaties that shape each country's economic structure so the contracting nations complement one another**. Where old liberal-era treaties merely regulated tariffs, these new ones shape production programmes. Then the clincher: *das bereits in Deutschland erprobte System der Wirtschaftslenkung wird auch auf die zukünftige europäische Zusammenarbeit übertragen* — **the system of economic steering already proven in Germany will be transferred to future European cooperation**.

The identical proposition — *conscious economic management compatible with individual freedom* — was being articulated simultaneously in Britain by **Political and Economic Planning**, a think tank founded in 1931 whose title captured the synthesis in two words: **freedom and planning**.

Pages 59–60 hold a passage that later sections link to Leontief. Jecht describes a new phase where nations balance domestic economic sectors through *autonome Konjunkturpolitik — autonomous business-cycle policy* — coordinating sectoral interdependencies through state direction. That's the input-output logic stated as policy before Leontief's formal model was widely known: **balancing what each sector produces against what every other sector requires, managed through coordination rather than left to market adjustment**.

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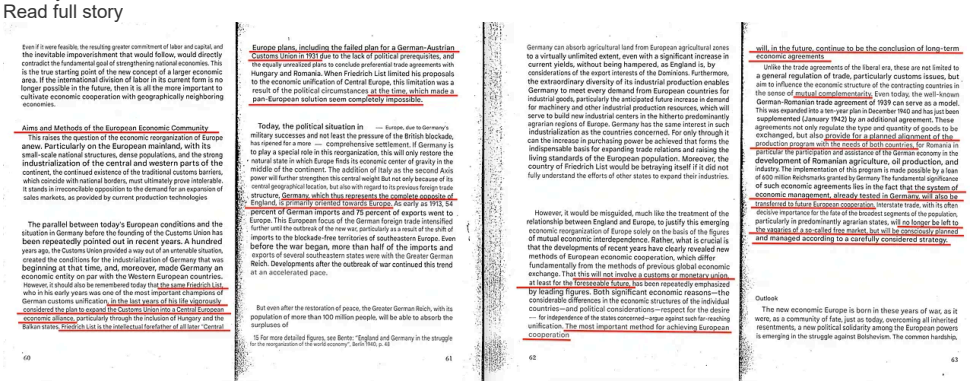
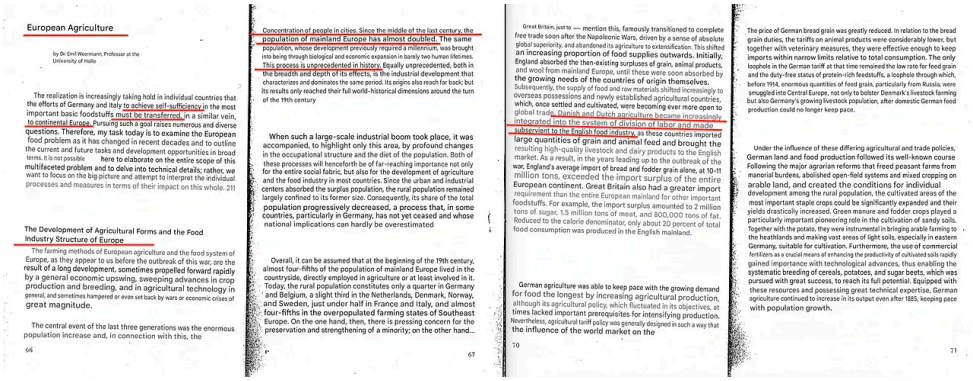


Woermann: European agriculture

Emil Woermann, professor at the University of Halle, wrote the operational layer beneath Funk's programme. Europe entered the nineteenth century able to feed itself. It left as an industrial core dependent on overseas food imports. The First World War exposed this as an existential vulnerability.

caloric needs produced domestically. **Denmark and Holland became processing workshops for cheap overseas grain**. Southeastern Europe had the land and potential but remained at roughly half of German yield levels.

Woermann's prescription has four tracks: expanding cultivated area; intensifying yields through better varieties, fertiliser, and cultivation methods; improving livestock; and — *critically* — **planned promotion and market organisation, including interstate agreements that eliminate price fluctuations in cross-border trade**. The German-Romanian model is the template: **production-steering treaties backed by credits, technical assistance, and guaranteed purchase arrangements**.


European Agriculture

By Dr. Emil Woermann, Professor at the University of Halle

The realization is increasingly taking hold in individual countries that the efforts of Germany and Italy to achieve self-sufficiency in the most important basic foodstuffs must be transferred, in a similar vein, to continental Europe. Pursuing such a goal raises numerous and diverse questions. Therefore, my task today is to examine the European food problem as it has changed in recent decades and to outline the current and future tasks and development opportunities in broad terms. It is not possible here to elaborate on the entire scope of this multifaceted problem and to delve into technical details; rather, we want to focus on the big picture and attempt to interpret the individual processes and measures in terms of their impact on this whole. 211

The Development of Agricultural Forms and the Food Industry Structure of Europe

The farming methods of European agriculture and the food system of Europe, as they appear to us before the outbreak of this war, are the result of a long development, sometimes propelled forward rapidly by a general economic upswing, sweeping advances in crop production and breeding, and in agricultural technology in general, and sometimes hampered or even set back by wars or economic crises of great magnitude.

The central event of the last three generations was the enormous population increase and, in connection with this, the

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Concentration of people in cities. Since the middle of the last century, the population of mainland Europe has almost doubled. The same population, whose development previously required a millennium, was brought into being through biological and economic expansion in barely two human lifetimes. This process is unprecedented in history. Equally unprecedented, both in the breadth and depth of its effects, is the industrial development that characterizes and dominates the same period. Its origins also reach far back; but its results only reached their full world-historical dimensions around the turn of the 19th century

When such a large-scale industrial boom took place, it was accompanied, to highlight only this area, by profound changes in the occupational structure and the diet of the population. Both of these processes will henceforth be of far-reaching importance not only for the entire social fabric, but also for the development of agriculture and the food industry in most countries. Since the urban and industrial centers absorbed the surplus population, the rural population remained largely confined to its former size. Consequently, its share of the total population progressively decreased, a process that, in some countries, particularly in Germany, has not yet ceased and whose national implications can hardly be overestimated

Overall, it can be assumed that at the beginning of the 19th century, almost four-fifths of the population of mainland Europe lived in the countryside, directly employed in agriculture or at least involved in it. Today, the rural population constitutes only a quarter in Germany and Belgium, a slight third in the Netherlands, Denmark, Norway, and Sweden, just under half in France and Italy, and almost four-fifths in the overpopulated farming states of Southeast Europe. On the one hand, then, there is pressing concern for the preservation and strengthening of a minority; on the other hand...

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Great Britain, just to — mention this, famously transitioned to complete free trade soon after the Napoleonic Wars, driven by a sense of absolute global superiority, and abandoned its agriculture to extensification. This shifted an increasing proportion of food supplies outwards. Initially, England absorbed the then-existing surpluses of grain, animal products, and wool from mainland Europe, until these were soon absorbed by the growing needs of the countries of origin themselves. Subsequently, the supply of food and raw materials shifted increasingly to overseas possessions and newly established agricultural countries, which, once settled and cultivated, were becoming ever more open to global trade. Danish and Dutch agriculture became increasingly integrated into the system of division of labor and made subservient to the English food industry, as these countries imported large quantities of grain and animal feed and brought the resulting high-quality livestock and dairy products to the English market. As a result, in the years leading up to the outbreak of the war, England's average import of bread and fodder grain alone, at 10–11 million tons, exceeded the import surplus of the entire European continent. Great Britain also had a greater import requirement than the entire European mainland for other important foodstuffs. For example, the import surplus amounted to 2 million tons of sugar, 1.5 million tons of meat, and 800,000 tons of fat. Reduced to the calorie denominator, only about 20 percent of total food consumption was produced in the English mainland.

German agriculture was able to keep pace with the growing demand for food the longest by increasing agricultural production, although its agricultural policy, which fluctuated in its objectives, at times lacked important prerequisites for intensifying production. Nevertheless, agricultural tariff policy was generally designed in such a way that the influence of the world market on the

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The price of German bread grain was greatly reduced. In relation to the bread grain duties, the tariffs on animal products were considerably lower, but together with veterinary measures, they were effective enough to keep imports within narrow limits relative to total consumption. The only loophole in the German tariff at that time remained the low rate for feed grain and the duty-free status of protein-rich feedstuffs, a loophole through which, before 1914, enormous quantities of feed grain, particularly from Russia, were smuggled into Central Europe, not only to bolster Denmark's livestock farming but also Germany's growing livestock population, after domestic German food production could no longer keep pace.

Under the influence of these differing agricultural and trade policies, German land and food production followed its well-known course. Following the major agrarian reforms that freed peasant farms from manorial burdens, abolished open-field systems and mixed cropping on arable land, and created the conditions for individual development among the rural population, the cultivated areas of the most important staple crops could be significantly expanded and their yields drastically increased. Green manure and fodder crops played a particularly important pioneering role in the cultivation of sandy soils. Together with the potato, they were instrumental in bringing arable farming to the heathlands and making vast areas of light soils, especially in eastern Germany, suitable for cultivation. Furthermore, the use of commercial fertilizers as a crucial means of enhancing the productivity of cultivated soils rapidly gained importance with technological advances, thus enabling the systematic breeding of cereals, potatoes, and sugar beets, which was pursued with great success, to reach its full potential. Equipped with these resources and possessing great technical expertise, German agriculture continued to increase in its output even after 1885, keeping pace with population growth.

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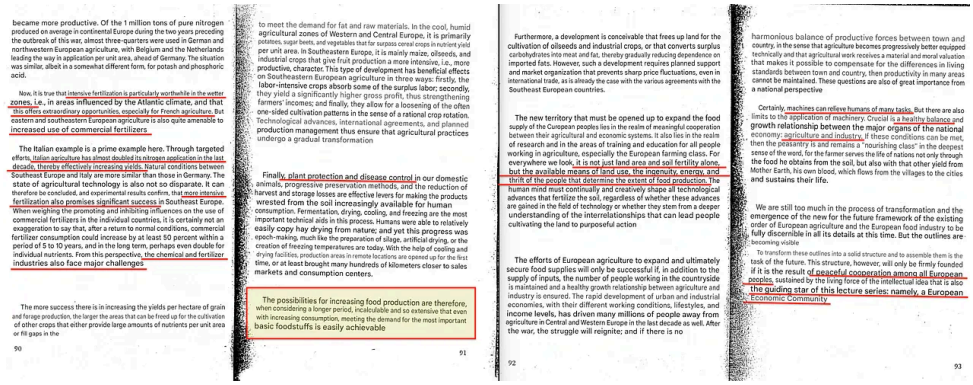
What's described is the Common Agricultural Policy7 in specification form. European food self-sufficiency, coordinated production across climatic zones, assured prices for producers, intensification of southeastern European agriculture, harmonised standards for breeding, fertilisation, and land use. **Every feature of the CAP implemented from 1962 onward is specified here in operational detail**.

Page 91 sets out the reform mechanism: *zwischenstaatliche Abkommen und planvolle Lenkung der Erzeugung* — **interstate agreements and planned steering of production** — ensure that agricultural operating forms undergo a step-by-step transformation. Not a one-time intervention but **a continuous, treaty-backed, planned transformation of farming practice across the continent**. That's the CAP's successive reform rounds described as a design requirement.

Woermann closes, as Funk does independently, by framing the entire programme as the result of peaceful work carried by the living power of the spiritual idea — the technical specification justified by the ethical claim, not the other way around. Three authors, three chapters, the same architecture: **the ethic authorises the form**.


became more productive. Of the 1 million tons of pure nitrogen produced on average in continental Europe during the two years preceding the outbreak of this war, almost three-quarters were used in German and northwestern European agriculture, with Belgium and the Netherlands leading the way in application per unit area, ahead of Germany. The situation was similar, albeit in a somewhat different form, for potash and phosphoric acid.

Now, it is true that intensive fertilization is particularly worthwhile in the wetter zones, i.e., in areas influenced by the Atlantic climate, and that this offers extraordinary opportunities, especially for French agriculture. But eastern and southeastern European agriculture is also quite amenable to increased use of commercial fertilizers

The Italian example is a prime example here. Through targeted efforts, Italian agriculture has almost doubled its nitrogen application in the last decade, thereby effectively increasing yields. Natural conditions between Southeast Europe and Italy are more similar than those in Germany. The state of agricultural technology is also not so disparate. It can therefore be concluded, and experimental results confirm, that more intensive fertilization also promises significant success in Southeast Europe. When weighing the promoting and inhibiting influences on the use of commercial fertilizers in the individual countries, it is certainly not an exaggeration to say that, after a return to normal conditions, commercial fertilizer consumption could increase by at least 50 percent within a period of 5 to 10 years, and in the long term, perhaps even double for individual nutrients. From this perspective, the chemical and fertilizer industries also face major challenges

The more success there is in increasing the yields per hectare of grain and forage production, the larger the areas that can be freed up for the cultivation of other crops that either provide large amounts of nutrients per unit area or fit gaps in the

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to meet the demand for fat and raw materials. In the cool, humid agricultural zones of Western and Central Europe, it is primarily potatoes, sugar beets, and vegetables that far surpass cereal crops in nutrient yield per unit area. In Southeastern Europe, it is mainly maize, oilseeds, and industrial crops that give fruit production a more intensive, i.e., more productive, character. This type of development has beneficial effects on Southeastern European agriculture in three ways: firstly, the labor-intensive crops absorb some of the surplus labor; secondly, they yield a significantly higher gross profit, thus strengthening farmers' incomes; and finally, they allow for a loosening of the often one-sided cultivation patterns in the sense of a rational crop rotation. Technological advances, international agreements, and planned production management thus ensure that agricultural practices undergo a gradual transformation

Finally, plant protection and disease control in our domestic animals, progressive preservation methods, and the reduction of harvest and storage losses are effective levers for making the products wrested from the soil increasingly available for human consumption. Fermentation, drying, cooling, and freezing are the most important technical aids in this process. Humans were able to relatively easily copy hay drying from nature; and yet this progress was epoch-making, much like the preparation of silage, artificial drying, or the creation of freezing temperatures are today. With the help of cooling and drying facilities, production areas in remote locations are opened up for the first time, or at least brought many hundreds of kilometers closer to sales markets and consumption centers.

The possibilities for increasing food production are therefore, when considering a longer period, incalculable and so extensive that even with increasing consumption, meeting the demand for the most important basic foodstuffs is easily achievable

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Furthermore, a development is conceivable that frees up land for the cultivation of oilseeds and industrial crops, or that converts surplus carbohydrates into meat and fat, thereby gradually reducing dependence on imported fats. However, such a development requires planned support and market organization that prevents sharp price fluctuations, even in international trade, as is already the case with the various agreements with the Southeast European countries.

The new territory that must be opened up to expand the food supply of the European peoples lies in the realm of meaningful cooperation between their agricultural and economic systems. It also lies in the realm of research and in the areas of training and education for all people working in agriculture, especially the European farming class. For everywhere we look, it is not just land area and soil fertility alone, but the available means of land use, the ingenuity, energy, and thrift of the people that determine the extent of food production. The human mind must continually and creatively shape all technological advances that fertilize the soil, regardless of whether these advances are gained in the field of technology or whether they stem from a deeper understanding of the interrelationships that can lead people cultivating the land to purposeful action

The efforts of European agriculture to expand and ultimately secure food supplies will only be successful if, in addition to the supply of inputs, the number of people working in the countryside is maintained and a healthy growth relationship between agriculture and industry is ensured. The rapid development of urban and industrial economies, with their different working conditions, lifestyles, and income levels, has driven many millions of people away from agriculture in Central and Western Europe in the last decade as well. After the war, the struggle will reignite; and if there is no

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harmonious balance of productive forces between town and country. In the sense that agriculture becomes progressively better equipped technically and that agricultural work receives a material and moral valuation that makes it possible to compensate for the differences in living standards between town and country, then productivity in many areas cannot be maintained. These questions are also of great importance from a national perspective

Certainly, machines can relieve humans of many tasks. But there are also limits to the application of machinery. Crucial is a healthy balance and growth relationship between the major organs of the national economy: agriculture and industry. If these conditions can be met, then the peasantry is and remains a "nourishing class" in the deepest sense of the word, for the farmer serves the life of nations not only through the food he obtains from the soil, but also with that other yield from Mother Earth, his own blood, which flows from the villages to the cities and sustains their life.

We are still too much in the process of transformation and the emergence of the new for the future framework of the existing order of European agriculture and the European food industry to be fully discernible in all its details at this time. But the outlines are becoming visible

To transform these outlines into a solid structure and to assemble them is the task of the future. This structure, however, will only be firmly founded if it is the result of peaceful cooperation among all European peoples, sustained by the living force of the intellectual idea that is also the guiding star of this lecture series: namely, a European Economic Community

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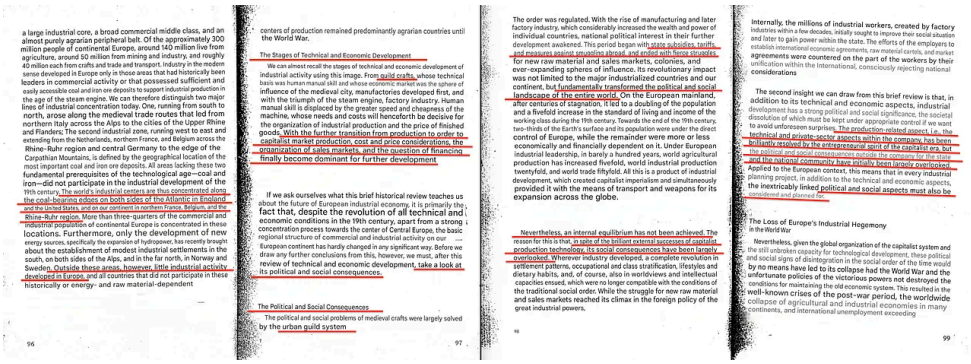
Reithinger: European industrial economy

Anton Reithinger, head of the economics department at I.G. Farbenindustrie A.G. in Berlin, wrote the industrial specification. IG Farben was Europe's largest industrial enterprise and the operational link between German state industrial policy and synthetic raw material production. It was also the Four Year Plan's main contractor for synthetic fuel and rubber — the bridge between state policy and continental-scale production. When Reithinger writes about European industrial planning, he's speaking from inside the organisation that was already doing it.

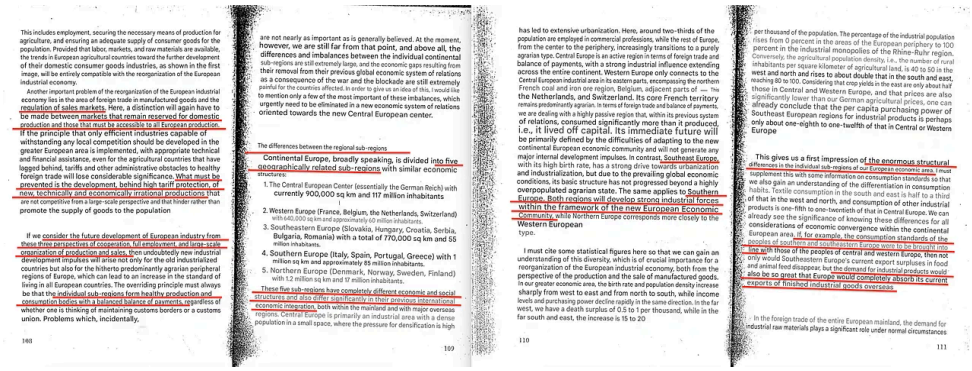
The core observation runs through pages 97–99. **Capitalism solved industry's technical and productive side brilliantly. But it barely touched the political and social consequences** — class stratification, settlement patterns, dietary changes.

Auf den europäischen Raum übertragen, heißt das, daß man bei jeder industriellen Planung neben der technisch-wirtschaftlichen Seite auch die untrennbar damit verbundene politisch-soziale Seite vorausbedenken und vorausplanen muß — **in every industrial plan, alongside the technical-economic side, the inseparably connected political-social side must be thought through and planned in advance**. That's a design requirement.



Page 109 divides continental Europe into five industrial regions with staggering purchasing power gaps — southeastern European per-capita purchasing power reaching perhaps an eighth to a twelfth of the central or western European level. If southeastern and southern European consumption rose to central and western levels, demand for industrial goods would be so enormous that Europe's entire overseas finished-goods export would be consumed internally. That's the single market described from the demand side.

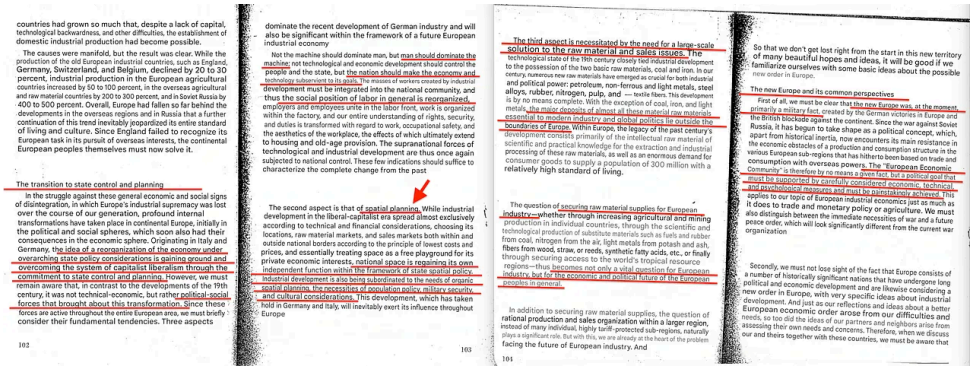
Raise peripheral living standards, create internal demand, absorb production capacity, achieve continental economic self-sufficiency. The EU structural funds and cohesion policy do exactly this.



Pages 102–103 set out Reithinger's three principles for Europe's future industrial economy. The first reverses the old competitive logic: '*Es geht mir besser, wenn es meinem Nachbarn schlechter geht!' (I do better when my neighbour does worse)* must become '*Es geht mir nur besser, wenn es meinem Nachbarn besser geht!' (I only do better when my neighbour does better)*. **That's the EU cohesion principle as industrial policy**8.

Then pages 105–106 contain the sentence that confirms the essay's central argument from inside the volume: **the European economic community is** *keineswegs bereits eine gegebene Tatsache, sondern ein politisches Ziel, das durch sorgfältig überlegte wirtschaftliche, technische und psychologische Maßnahmen unterstützt und erst mühsam erreicht werden muß* — **not yet a given fact but a political goal that must be painstakingly achieved through carefully considered economic, technical, and psychological measures**.

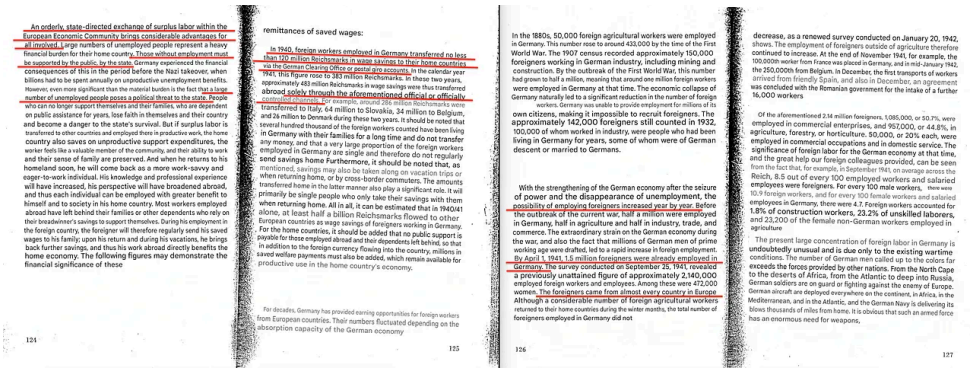
The IG Farben planner, writing from inside the institution that would carry it out, says **it's a specification for something to be developed**.



Beisiegel: labour deployment in Europe

Philipp Beisiegel, a senior official at the Reich Labour Ministry, wrote the workforce section. **The heart of this European economic community isn't coal, ore, treaties, or currency — it's people**.

His chapter sets out **free movement inside a self-contained labour market**. Workers can move around the European economic space, and they'll stay because jobs and food are guaranteed there. Page 125 links the financial clearing system directly to labour policy. Foreign workers in Germany sent home 120 million Reichsmark in savings through the Deutsche Verrechnungskasse in 1940, rising to 383 million RM in 1941. **The clearing function doesn't just settle trade — it handles labour remittances too**, so the entire workforce flow stays inside the system.

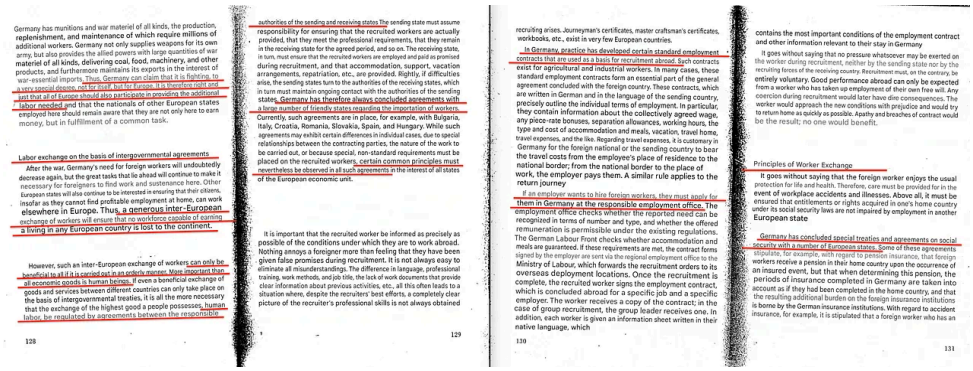


Pages 128–133 spell out treaty-based labour exchange in bureaucratic detail. Bilateral interstate treaties cover recruitment, contracts, wages, housing, food, travel costs, social insurance portability, and repatriation. Standard model contracts in the worker's own language set out tariff wages, bonuses, hours, accommodation quality, food, leave, and travel costs. A foreign worker gets pension rights in their home state, with German contribution periods counted as if they'd been earned at home. Bilateral agreements cover health insurance portability, and accident benefits can be taken home in full after returning.

This is EU Regulation (EC) 883/20049 — *the social security coordination rule* — **described in 1942 German bureaucratic language**. Mutual recognition of contribution periods, cross-border healthcare, and exportable benefits mean the operational details match.

Beisiegel insists repeatedly across pages 128–131 that all foreign worker recruitment must be entirely voluntary, with no pressure from sending states or receiving-state agencies. Only voluntary workers produce good results, while coercion brings resentment, broken contracts, and homesickness.

This insistence sits in a document produced while the regime ran a forced-labour system involving millions of prisoners of war and conscripted civilians. The gap between the text's stated norms and the regime's actual practice is vast, but **Beisiegel wasn't describing current practice — he was writing a specification for a peacetime system designed to operate through consent rather than coercion**. The voluntary principle, welfare apparatus, standardised contracts, and social insurance portability are all designed for an architecture that works without the operator's methods. When the postwar order adopted the specification — *the Posted Workers Directive, EURES, Regulation 883/2004* — it took the architecture Beisiegel specified, not the practice the regime imposed.



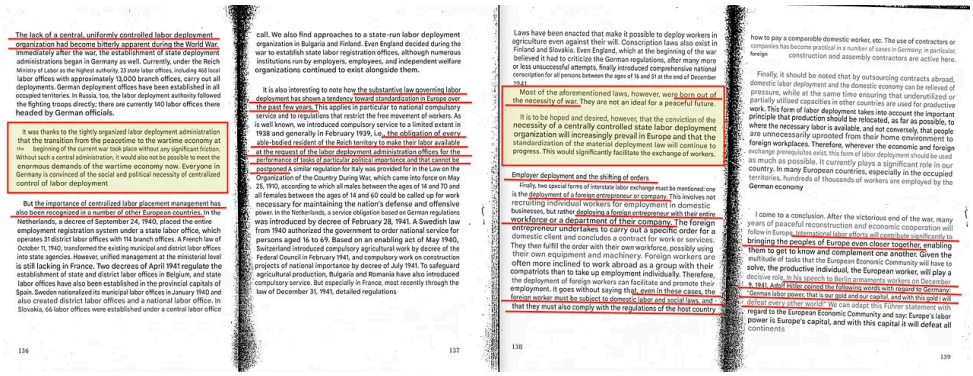
Page 138 goes further, distinguishing individual worker recruitment from the deployment of a foreign entrepreneur with their entire workforce to fulfil a contract in the host country. Even in these cases, Beisiegel specifies, the foreign worker must be subject to domestic labour and social laws. **That's the EU Posted Workers Directive**10 — *Directive 96/71/EC* — specified in operational detail, down to the distinction between individual recruitment and contractor deployment, fifty-four years before the Directive was adopted.

Pages 135–138 contain something the essay's later sections argue from the outside: Beisiegel documents it from the inside. By 1942, centralised state labour deployment organisations had been established across the Netherlands *(September 1940)*, France *(October 1940)*, Belgium *(April 1941)*, Spain, Sweden *(January 1940)*, Slovakia, Bulgaria, Finland, and England *(December 1941)* — across every ideological line. The same institutional form appeared under different political systems at the same time.

The institutional form aligns with the International Labour Organization's convention framework11 — standards set internationally, implemented nationally through the same centralised labour administrations that give the state directive control over who works where, under what conditions, and for what pay. The protection infrastructure and the control infrastructure are the same thing.

Then follows the critical sentence: *Die meisten der vorgenannten Gesetze sind allerdings aus der Not des Krieges geboren. Sie sind kein Ideal für eine friedliche Zukunft*. **Most of these laws were born from wartime necessity**. They're no ideal for a peaceful future. He separates the wartime ethic from the peacetime form.

The emergency measures are temporary, but the institutional architecture they produced — *centralised labour administration, harmonised employment law, cross-border worker exchange* — **is designed to continue**.



Koenigs: European transport questions

Gustav Koenigs wrote the physical infrastructure section. His chapter describes the pipes everything else flows through. Page 141 opens with a definition that contradicts the usual reading of the volume as a Nazi imperial project: **the European economic community, unlike the British Commonwealth**, *läßt die Unabhängigkeit und Souveränität der europäischen Staaten grundsätzlich unberührt. Sie hat keine imperialistischen Ziele* — **leaves the independence and sovereignty of European states fundamentally untouched**. It has no imperialist objectives. Germany pursues its role on a treaty-based or, better still, cooperative basis.

That's the **Treaty of Rome**'s principle of sovereign equality, stated here by the transport chapter's author. Germany must ensure seamless cross-border transit traffic, and transport infrastructure vital to the community but located in states that can't build it alone must be secured through a European community effort. These tasks match the **Trans-European Transport Network**12 *(TEN-T)* policy, the EU customs union's border-processing framework, and the Cohesion Fund's transport infrastructure investment programme.

Koenigs shows **Britain used the Treaty of Versailles to internationalise the Rhine, Elbe, Oder, and Danube** — not for navigation freedom but **to stop landlocked continental states from becoming economically interdependent with their neighbours**.

He adds that **England reached like an octopus with its tentacles into the continent**, extending the free sea deep into its interior through international river commissions. Poland served the same function by building Gdynia and the Magistrale railway to direct all trade seaward rather than continental. **The clearing function operates at the physical transport layer: controlling the paths through which goods flow, ensuring those paths led outward to British-controlled sea lanes rather than inward to continental integration**. Every waterway project Koenigs specifies — *the Rhine-Main-Danube Canal, the Mittelland Canal, the continental waterway network* — reverses this outward orientation by routing flows within the continent rather than out of it.

Page 142 holds Koenigs's most important theoretical point. **Transport, he writes, will become a supporting pillar of the European Economic Community and will replace the external organisation the community will never have**. In Geneva, they said '*in the beginning was the organisation*'; Koenigs answers with Faust: '*in the beginning was the deed*'. Build the physical infrastructure and the economic community follows, because unwinding it costs more than continuing within it. **The pipes are the governance, so no formal constitution's required**.

Stranded in Haifa

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6 Apr

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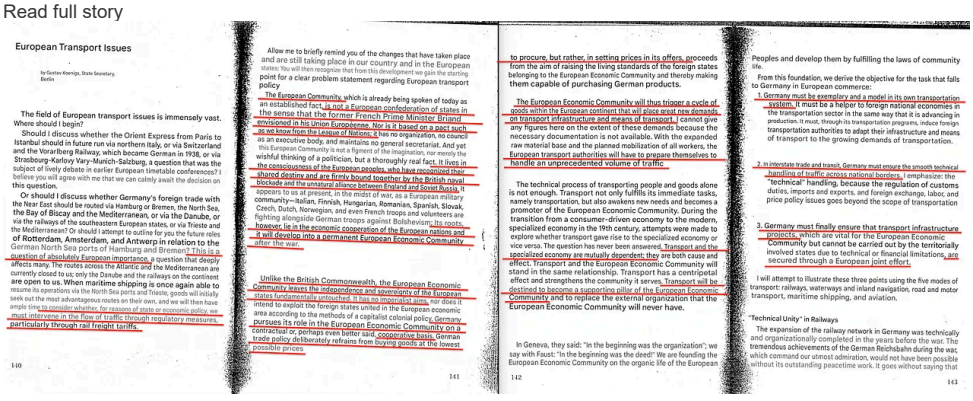
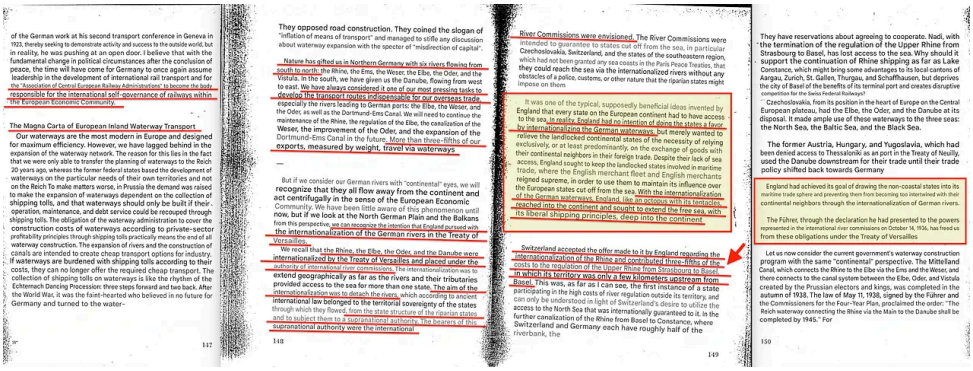


Railway harmonisation began in 1847 through the *Verein Mitteleuropäischer Eisenbahnverwaltungen*. '*Technical*

maintenance standards, rolling stock dimensions, and freight braking — all through **voluntary international self-administration**.

The showpiece is the Rhine-Main-Danube Canal, connecting the North Sea to the Black Sea through the heart of the continent. The law of 11 May 1938 ordered the *Reichswasserstraße* completed by 1945. The canal was eventually finished in 1992, fifty years after Koenigs called it a wartime priority. The TEN-T inland waterway network follows the same map.

The Reichsautobahn network was designed from the outset to connect to all neighbouring states. The North and Baltic Sea shipping community between German and Scandinavian groups had already created a working model of joint administration with agreed freight rates. **Every project Koenigs names was either completed after the war or became a TEN-T priority corridor**.



Benning: European currency questions

Bernhard Benning, Director at the Reichs-Kredit-Gesellschaft in Berlin, wrote the most technical chapter and the one that maps most precisely onto postwar European monetary architecture.

Under the gold standard's automatism, every national economy was subordinated to international business-cycle linkage. In the world crisis of 1930–32, this automatism collapsed. '*Diese Automatik wird nicht wieder auferstehen!*' — this automatism will not be resurrected.

Page 163 specifies what replaces it: **the central bank must carefully monitor internal economic and credit policy, because the currency's internal face** — *purchasing power stability, the equilibrium between wages, prices, and credit* — **is inseparable from its external face, the exchange rate**. That's the **ECB's macroprudential mandate**13 stated as design principle.

Page 164 defines continental European currency relationships as a *mehrstufiges Gefüge* — a multi-tiered structure. First: partner currencies within the *Großraum* relating to each other. Second: the reserve currency relating to affiliated partner currencies. Third: the reserve currency relating to the reserve currencies of other large economic spaces. **Replace the reserve currency with the euro, partner currencies with national currencies in the ERM/ERM II mechanism**14**, and the third tier with the BIS, and the description fits today's system**.

Enquiry into Clearing Agreements

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24 Apr

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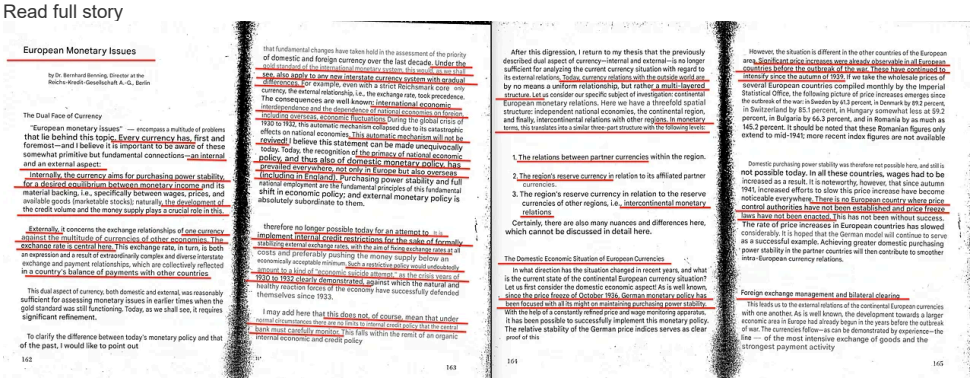


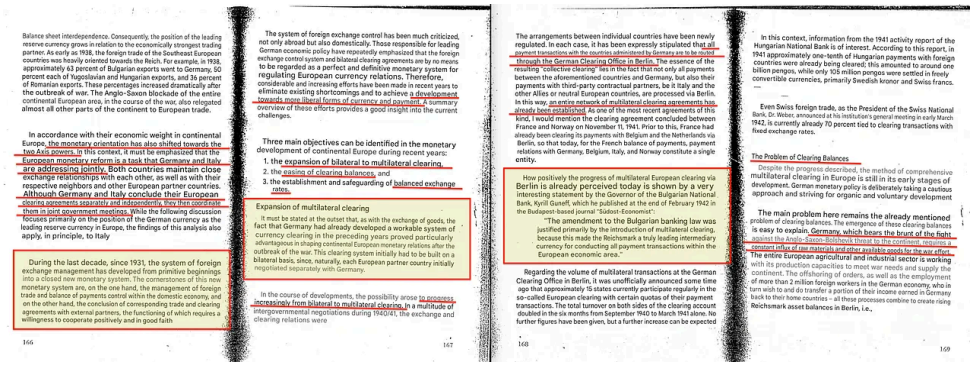
The Deutsche Verrechnungskasse in Berlin processed multilateral payments across about fifteen states. Clearing turnover doubled between September 1940 and March 1941. By 1941, the system had nearly total reach: Hungarian

million Pengő arriving as freely convertible currency — *mostly Swedish Kroner and Swiss Francs* — against total clearing amounts of around one billion Pengő.

The Bulgarian National Bank governor said in February 1942 that the bank law was amended mainly to introduce multilateral clearing. **Bulgaria had formally changed its law to accept Reichsmark clearing balances as reserve assets — *alongside gold and free foreign exchange* — to cover banknotes and sight liabilities**. A sovereign central bank had, by statute, incorporated a foreign clearing currency into its monetary base. That's not bilateral trade settlement; it's a country restructuring its monetary sovereignty through the clearing mechanism. When **the ECB's TARGET2** system produces balances between eurozone national central banks, those balances function as claims within the system — not settled in gold, not redeemable in hard currency, managed through institutional arrangements. **The Bulgarian National Bank in 1941 was doing the same thing, only openly, by amending the law and saying so publicly**.

Page 167 names three objectives for the system's development: expansion from bilateral to multilateral clearing, easing of clearing balances, and establishment of balanced exchange rates. **The postwar sequence implemented all three — the EPU for multilateral clearing**15**, TARGET2 for clearing balances**16**, and the ERM leading to the eurozone for balanced exchange rates**. Benning's developmental programme and the postwar monetary timeline are the same sequence in the same order.

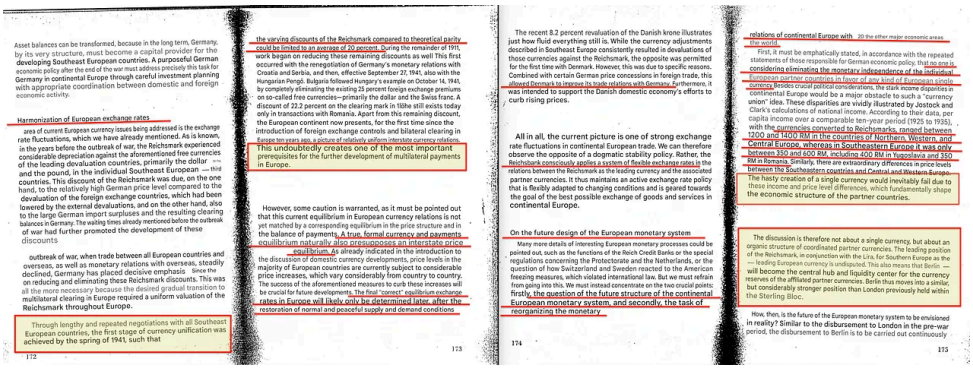
Even Switzerland was being drawn in. The president of the Swiss National Bank announced in early March 1942 that 70% of Swiss foreign trade was already tied to clearing transactions with fixed exchange rates. The neutral country — *formally outside the continental system* — was functionally inside it by the time the volume was published.



On a premature single currency, Benning's position is emphatic: no one is even considering eliminating the monetary independence of individual European partner countries. '*Nicht von einer Einheitswährung, sondern von einem organischen Gefüge aufeinander abgestimmter Partnerwährungen ist also die Rede*' — **not a single currency but an organic structure of mutually coordinated partner currencies**. The income gaps are enormous: per-capita income in north, west, and central Europe runs between 1,200 and 1,400 RM, while in southeastern Europe it's between 350 and 600 RM. **A premature single currency would founder on these differences**. This is the Maastricht convergence criteria17 problem identified with more candour than most post-1992 ECB literature manages.

Page 173 adds a further prerequisite: **a true currency equilibrium presupposes an interstate price equilibrium** — price convergence across member states before monetary unification can proceed. **Two Maastricht convergence criteria specified independently, fifty years before Maastricht**.

Benning also proposes '*Kaufkraftparitäten*' — *purchasing power parities* — as the correct method for establishing exchange rates, named and specified. **PPP-based exchange rate assessment is now the IMF's standard methodology for evaluating currency misalignment**.



Pages 175–176 describe **Berlin becoming the centre and liquidity hub for the currency reserves of affiliated partner currencies** — explicitly compared to London's earlier position within the Sterling bloc, but substantially stronger. Replace Berlin with Frankfurt and the ECB, and the description maps precisely onto the eurozone's monetary architecture.

Page 180 names the theoretical foundation: **Georg Friedrich Knapp's State Theory of Money**18 — the value of money has nothing to do with gold or silver backing. **Money is what the state says it is**. That's the chartalist position that underwrites the entire clearing architecture, from the Reichsmark through the euro to programmable digital currency.

Page 182 states the telos: '*The geopolitical development of the 20th century is aimed at the European Economic Community*'. **The name, the destination, and the instruments — *clearing agreements, economic treaties, monetary reorganisation* — all stated in a single passage**.

Page 183 assembles the end-state in a single sentence: free interstate payment traffic with minimal bureaucratic regulation, deep integration of credit markets, all under the overarching goal of full employment and secured supply

Page 177 specifies the lending model: Anglo-Saxon financial-capitalist loans, which caused balance-of-payments crises across southeastern Europe during the Depression, will be replaced by lending oriented toward mutual goods exchange and long-term development of partner countries. That's **conditional development lending**22 — *World Bank, EBRD, EU structural investment* — stated as the replacement for the system that failed.

Conditional Economics

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17 September 2025
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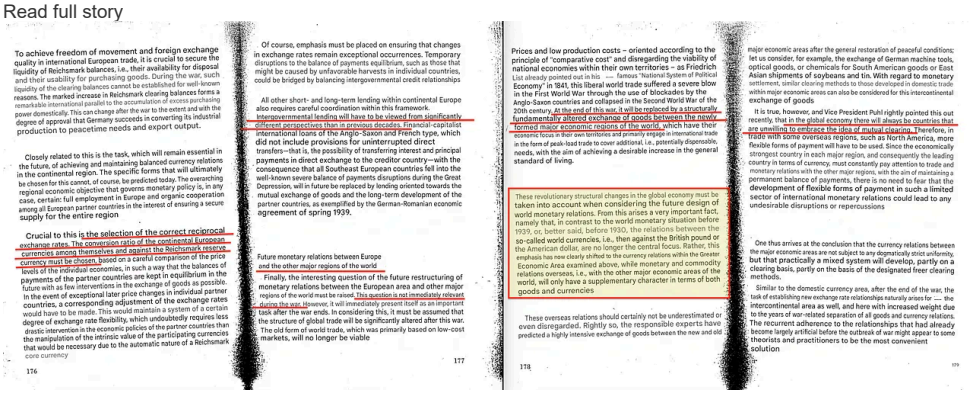

To achieve freedom of movement and foreign exchange quality in international European trade, it is crucial to secure the liquidity of Reichsmark balances, i.e., their availability for disposal and their usability for purchasing goods. During the war, such liquidity of the clearing balances cannot be established for well-known reasons. The marked increase in Reichsmark clearing balances forms a remarkable international parallel to the accumulation of excess purchasing power domestically. This can change after the war to the extent and with the degree of approval that Germany succeeds in converting its industrial production to peacetime needs and export output.

Closely related to this is the task, which will remain essential in the future, of achieving and maintaining balanced currency relations in the continental region. The specific forms that will ultimately be chosen for this cannot, of course, be predicted today. The overarching regional economic objective that governs monetary policy is, in any case, certain: full employment in Europe and organic cooperation among all European partner countries in the interest of ensuring a secure supply for the entire region

Crucial to this is the selection of the correct reciprocal exchange rates. The conversion ratio of the continental European currencies among themselves and against the Reichsmark reserve currency must be chosen, based on a careful comparison of the price levels of the individual economies, in such a way that the balances of payments of the partner countries are kept in equilibrium in the future with as few interventions in the exchange of goods as possible. In the event of exceptional later price changes in individual partner countries, a corresponding adjustment of the exchange rates would have to be made. This would maintain a system of a certain degree of exchange rate flexibility, which undoubtedly requires less drastic intervention in the economic policies of the partner countries than the manipulation of the intrinsic value of the participating currencies that would be necessary due to the automatic nature of a Reichsmark core currency

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Of course, emphasis must be placed on ensuring that changes in exchange rates remain exceptional occurrences. Temporary disruptions to the balance of payments equilibrium, such as those that might be caused by unfavorable harvests in individual countries, could be bridged by balancing intergovernmental credit relationships

All other short- and long-term lending within continental Europe also requires careful coordination within this framework. Intergovernmental lending will have to be viewed from significantly different perspectives than in previous decades. Financial-capitalist international loans of the Anglo-Saxon and French type, which did not include provisions for uninterrupted direct transfers—that is, the possibility of transferring interest and principal payments in direct exchange to the creditor country—with the consequence that all Southeast European countries fell into the well-known severe balance of payments disruptions during the Great Depression, will in future be replaced by lending oriented towards the mutual exchange of goods and the long-term development of the partner countries, as exemplified by the German-Romanian economic agreement of spring 1939.

Future monetary relations between Europe and the other major regions of the world

Finally, the interesting question of the future restructuring of monetary relations between the European area and other major regions of the world must be raised. This question is not immediately relevant during the war. However, it will immediately present itself as an important task after the war ends. In considering this, it must be assumed that the structure of global trade will be significantly altered after this war. The old form of world trade, which was primarily based on low-cost markets, will no longer be viable

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Prices and low production costs – oriented according to the principle of "comparative cost" and disregarding the viability of national economies within their own territories – as Friedrich List already pointed out in his — famous "National System of Political Economy" in 1841, this liberal world trade suffered a severe blow in the First World War through the use of blockades by the Anglo-Saxon countries and collapsed in the Second World War of the 20th century. At the end of this war, it will be replaced by a structurally fundamentally altered exchange of goods between the newly formed major economic regions of the world, which have their economic focus in their own territories and primarily engage in international trade in the form of peak-load trade to cover additional, i.e., potentially dispensable, needs, with the aim of achieving a desirable increase in the general standard of living.

These revolutionary structural changes in the global economy must be taken into account when considering the future design of world monetary relations. From this arises a very important fact, namely that, in contrast to the world monetary situation before 1939, or, better said, before 1930, the relations between the so-called world currencies, i.e., then against the British pound or the American dollar, are no longer the central focus. Rather, this emphasis has now clearly shifted to the currency relations within the Greater Economic Area examined above, while monetary and commodity relations overseas, i.e., with the other major economic areas of the world, will only have a supplementary character in terms of both goods and currencies

These overseas relations should certainly not be underestimated or even disregarded. Rightly so, the responsible experts have predicted a highly intensive exchange of goods between the new and old

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major economic areas after the general restoration of peaceful conditions; let us consider, for example, the exchange of German machine tools, optical goods, or chemicals for South American goods or East Asian shipments of soybeans and tin. With regard to monetary settlement, similar clearing methods to those developed in domestic trade within major economic areas can also be considered for this intercontinental exchange of goods

It is true, however, and Vice President Puhl rightly pointed this out recently, that in the global economy there will always be countries that are unwilling to embrace the idea of mutual clearing. Therefore, in trade with some overseas regions, such as North America, more flexible forms of payment will have to be used. Since the economically strongest country in each major region, and consequently the leading country in terms of currency, must constantly pay attention to trade and monetary relations with the other major regions, with the aim of maintaining a permanent balance of payments, there is no need to fear that the development of flexible forms of payment in such a limited sector of international monetary relations could lead to any undesirable disruptions or repercussions

One thus arrives at the conclusion that the currency relations between the major economic areas are not subject to any dogmatically strict uniformity, but that practically a mixed system will develop, partly on a clearing basis, partly on the basis of the designated freer clearing methods.

Similar to the domestic currency area, after the end of the war, the task of establishing new exchange rate relationships naturally arises for — the intercontinental area as well, and here with increased weight due to the years of war-related separation of all goods and currency relations. The recurrent adherence to the relationships that had already become largely artificial before the outbreak of war might appear to some theorists and practitioners to be the most convenient solution

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Clodius: European trade and economic treaties

Carl Clodius, Envoy in the Foreign Ministry, wrote the diplomatic-legal section. He's the practitioner who actually negotiated the treaties, and his tone is conversational, almost confessional.

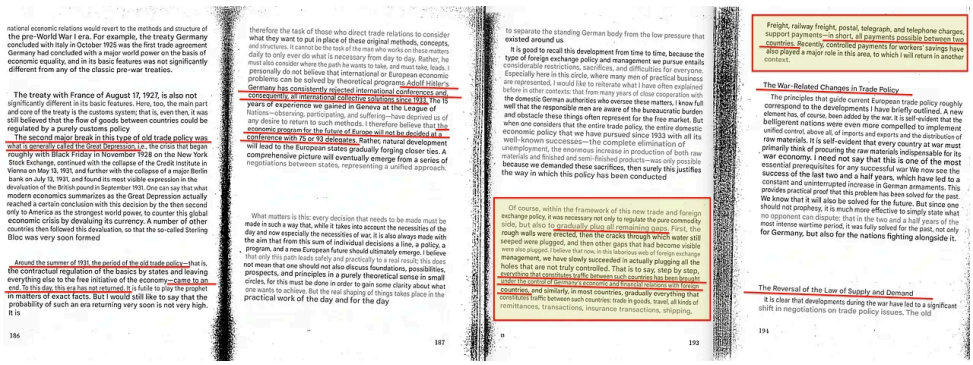
Page 186 sets out the method. Germany has rejected all international collective solutions since 1933. Europe's future economic programme won't be decided by a conference of seventy-five delegates. **Natural development will slowly bring European states closer together through a great series of bilateral, state-to-state negotiations that eventually form a single line, policy, and programme**. But the real shaping happens in the practical day-to-day work. This is the Monnet method23 described by its adversary — bilateral negotiations accumulating into a fait accompli.

Pages 193–194 describe the completed clearing fabric. **Step by step, everything's been brought under control: goods traffic, transactions, insurance, transfers, railway freight, post, telegraph and telephone charges** — the totality of all payments between countries.

Clodius describes it as masonry: **first the rough walls were erected, then the cracks where water still seeped were plugged, then the gaps that appeared afterward were sealed**. Each closure revealed the next leak. The process has no natural stopping point.

Clodius confirms independently what Beisiegel documents from the labour side: workers' savings remittances now flow through the same controlled clearing channels. Two authors, two chapters — same function.

Page 194 contains a structural observation the later sections depend on. The clearing system has fundamentally shifted trade relations. Old trade policy assumed the exporter was the supplicant, accepting whatever terms the buyer offered. Under clearing, this is reversed: *der Dringende ist der, der gern etwas haben möchte* — **the urgent party is the one who wants something**. The controller of supply, not the buyer, holds leverage.



national economic relations would revert to the methods and structure of the pre-World War I era. For example, the treaty Germany concluded with Italy in October 1925 was the first trade agreement Germany had concluded with a major world power on the basis of economic equality, and in its basic features was not significantly different from any of the classic pre-war treaties.

The treaty with France of August 17, 1927, is also not significantly different in its basic features. Here, too, the main part and core of the treaty is the customs system; that is, even then, it was still believed that the flow of goods between countries could be regulated by a purely customs policy

The second major break in this type of old trade policy was what is generally called the Great Depression, i.e., the crisis that began roughly with Black Friday in November 1928 on the New York Stock Exchange, continued with the collapse of the Credit Institute in Vienna on May 13, 1931, and further with the collapse of a major Berlin bank on July 13, 1931, and found its most visible expression in the devaluation of the British pound in September 1931. One can say that what modern economics summarizes as the Great Depression actually reached a certain conclusion with this decision by the then second only to America as the strongest world power, to counter this global economic crisis by devaluing its currency. A number of other countries then followed this devaluation, so that the so-called Sterling Bloc was very soon formed

Around the summer of 1931, the period of the old trade policy—that is, the contractual regulation of the basics by states and leaving everything else to the free initiative of the economy—came to an end. To this day, this era has not returned. It is futile to play the prophet in matters of exact facts. But I would still like to say that the probability of such an era returning very soon is not very high. It is

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therefore the task of those who direct trade relations to consider what they want to put in place of these original methods, concepts, and structures. It cannot be the task of the man who works on these matters daily to only ever do what is necessary from day to day. Rather, he must also consider where the path he wants to take, and must take, leads. I personally do not believe that international or European economic problems can be solved by theoretical programs. Adolf Hitler's Germany has consistently rejected international conferences and, consequently, all international collective solutions since 1933. The 15 years of experience we gained in Geneva at the League of Nations—observing, participating, and suffering—have deprived us of any desire to return to such methods. I therefore believe that this economic program for the future of Europe will not be decided at a conference with 75 or 93 delegates. Rather, natural development will lead to the European states gradually forging closer ties. A comprehensive picture will eventually emerge from a series of negotiations between states, representing a unified approach.

What matters is this: every decision that needs to be made must be made in such a way that, while it takes into account the necessities of the day and now especially the necessities of war, it is also always made with the aim that from this sum of individual decisions a line, a policy, a program, and a new European future should ultimately emerge. I believe that only this path leads safely and practically to a real result; this does not mean that one should not also discuss foundations, possibilities, prospects, and principles in a purely theoretical sense in small circles, for this must be done in order to gain some clarity about what one wants to achieve. But the real shaping of things takes place in the practical work of the day and for the day

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to separate the standing German body from the low pressure that existed around us

It is good to recall this development from time to time, because the type of foreign exchange policy and management we pursue entails considerable restrictions, sacrifices, and difficulties for everyone. Especially here in this circle, where many men of practical business are represented, I would like to reiterate what I have often explained before in other contexts: that from many years of close cooperation with the domestic German authorities who oversee these matters, I know full well that the responsible men are aware of the bureaucratic burden and obstacle these things often represent for the free market. But when one considers that the entire trade policy, the entire domestic economic policy that we have pursued since 1933 with all its well-known successes—the complete elimination of unemployment, the enormous increase in production of both raw materials and finished and semi-finished products—was only possible because we demanded these sacrifices, then surely this justifies the way in which this policy has been conducted

Of course, within the framework of this new trade and foreign exchange policy, it was necessary not only to regulate the pure commodity side, but also to gradually plug all remaining gaps. First, the rough walls were erected, then the cracks through which water still seeped were plugged, and then other gaps that had become visible were also plugged. I believe that now, in this laborious web of foreign exchange management, we have slowly succeeded in actually plugging all the holes that are not truly controlled. That is to say, step by step, everything that constitutes traffic between such countries has been brought under the control of Germany's economic and financial regimen with foreign countries, and similarly, in most countries, gradually everything that constitutes traffic between such countries: trade in goods, travel, all kinds of remittances, transactions, insurance transactions, shipping,

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Freight, railway freight, postal, telegraph, and telephone charges, support payments—in short, all payments possible between two countries. Recently, controlled payments for workers' savings have also played a major role in this area, to which I will return in another context.

The War-Related Changes in Trade Policy

The principles that guide current European trade policy roughly correspond to the developments I have briefly outlined. A new element has, of course, been added by the war. It is self-evident that the belligerent nations were even more compelled to implement unified control, above all, of imports and exports and the distribution of raw materials. It is self-evident that every country at war must primarily think of procuring the raw materials indispensable for its war economy. I need not say that this is one of the most essential prerequisites for any successful war. We now see the success of the last two and a half years, which have led to a constant and uninterrupted increase in German armaments. This provides practical proof that this problem has been solved for the past. We know that it will also be solved for the future. But since one should not prophesy, it is much more effective to simply state what no opponent can dispute: that in the two and a half years of the most intense wartime period, it was fully solved for the past, not only for Germany, but also for the nations fighting alongside it.

The Reversal of the Law of Supply and Demand

It is clear that developments during the war have led to a significant shift in negotiations on trade policy issues. The old

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Then come the two sentences that form the volume's most important statement:

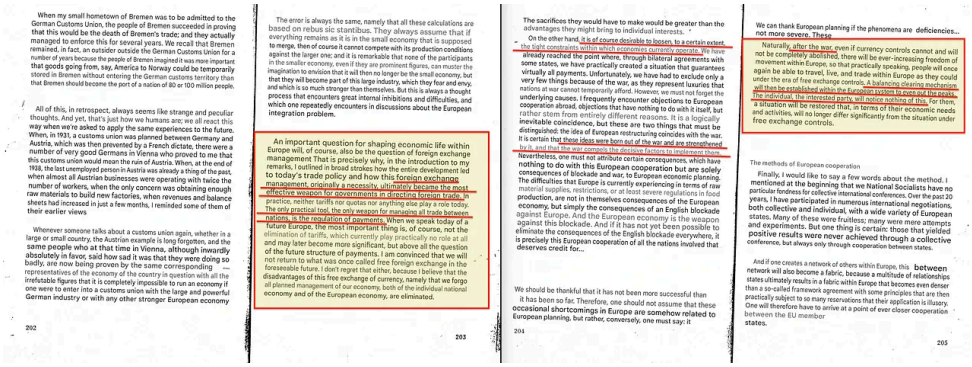
> *Praktisch ist es so, daß heute weder Zölle noch Kontingente noch sonst irgend etwas eine Rolle spielen. Das einzige Praktische, die einzige Waffe für die gesamte Lenkung des Handels zwischen den Völkern ist die Regelung des Zahlungsverkehrs.*

Neither tariffs nor quotas nor anything else plays a role. **The only practical thing, the only weapon for the total steering of trade between peoples, is the regulation of payment traffic**.

Page 205 holds the design principle. **Exchange control won't be fully abolished even after the war**. Free movement inside Europe will return — *travel, trade, daily life* — but a balancing clearing mechanism within the system will smooth the peaks. *Der einzelne Interessent merkt hiervon nichts mehr* — **the individual participant notices nothing of this anymore. For him, practically speaking, a condition's restored that's indistinguishable from free exchange**.

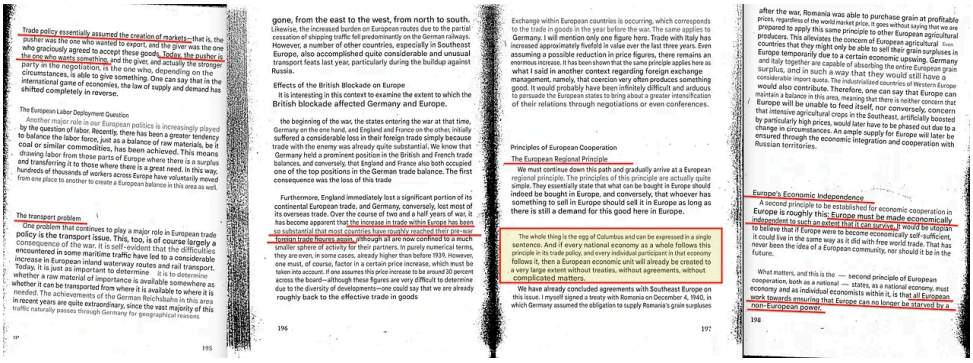
Put both sentences together — *the one on payment regulation and the one on invisibility* — and **you've got the complete design specification for today's global financial system in forty-seven words of 1942 German**. The first gives the mechanism, the second gives the interface where freedom appears restored while the individual notices nothing. SWIFT, TARGET2, SEPA, ISO 20022, Visa, Mastercard, Apple Pay — each is both sentences. The individual taps a card, the payment clears instantly, and **at no point does the individual perceive that a clearing function evaluated the transaction, checked it against conditions, and settled it according to rules the individual never set, read, or voted on**.

Eighty-three years later, those two sentences describe today's operational reality without changing a word.



Page 197 holds the behavioural principle that keeps the design self-sustaining. '*Was man in Europa kaufen kann, auch wirklich in Europa kaufen soll*' — **what can be bought in Europe should actually be bought in Europe**. He calls this '*das Ei des Kolumbus*' — *Columbus's egg* — and adds that if every national economy follows this principle, European economic unity's already largely achieved '*ohne Verträge, ohne komplizierte Dinge*' — without treaties or complicated arrangements.

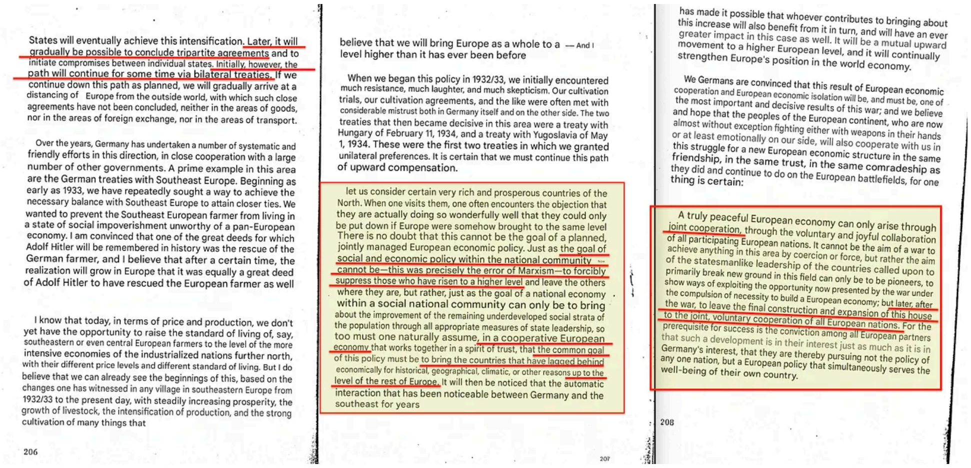
The clearing function works best when formal structures aren't needed because the behavioural norm's been internalised. The architecture disappears into habit.



Pages 205–208 close with a passage confirming what Beisiegel and Koenigs each say independently. Clodius explicitly rejects force as a method: '*Es kann nicht das Ziel eines Krieges sein, mit Zwang oder Gewalt auf diesem Gebiete irgend etwas erreichen zu wollen*' — **it can't be the goal of a war to achieve anything in this domain through coercion or force. The construction must ultimately be left to the voluntary cooperation of all European nations**.

The regime's chief treaty negotiator, writing during a war of conquest, specifies that **the architecture he's building must work through consent**.

Five authors across five chapters — *Funk, Woermann, Beisiegel, Koenigs, and Clodius* — each independently insist on the voluntary principle. **This specification's designed for the system that follows the regime**.



States will eventually achieve this intensification. Later, it will gradually be possible to conclude tripartite agreements and to initiate compromises between individual states. Initially, however, the path will continue for some time via bilateral treaties. If we continue down this path as planned, we will gradually arrive at a distancing of Europe from the outside world, with which such close agreements have not been concluded, neither in the areas of goods, nor in the areas of foreign exchange, nor in the areas of transport.

Over the years, Germany has undertaken a number of systematic and friendly efforts in this direction, in close cooperation with a large number of other governments. A prime example in this area are the German treaties with Southeast Europe. Beginning as early as 1933, we have repeatedly sought a way to achieve the necessary balance with Southeast Europe to attain closer ties. We wanted to prevent the Southeast European farmer from living in a state of social impoverishment unworthy of a pan-European economy. I am convinced that one of the great deeds for which Adolf Hitler will be remembered in history was the rescue of the German farmer, and I believe that after a certain time, the realization will grow in Europe that it was equally a great deed of Adolf Hitler to have rescued the European farmer as well

I know that today, in terms of price and production, we don't yet have the opportunity to raise the standard of living of, say, southeastern or even central European farmers to the level of the more intensive economies of the industrialized nations further north, with their different price levels and different standard of living. But I do believe that we can already see the beginnings of this, based on the changes one has witnessed in any village in southeastern Europe from 1932/33 to the present day, with steadily increasing prosperity, the growth of livestock, the intensification of production, and the strong cultivation of many things that

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believe that we will bring Europe as a whole to a — And I level higher than it has ever been before

When we began this policy in 1932/33, we initially encountered much resistance, much laughter, and much skepticism. Our cultivation trials, our cultivation agreements, and the like were often met with considerable mistrust both in Germany itself and on the other side. The two treaties that then became decisive in this area were a treaty with Hungary of February 11, 1934, and a treaty with Yugoslavia of May 1, 1934. These were the first two treaties in which we granted unilateral preferences. It is certain that we must continue this path of upward compensation.

let us consider certain very rich and prosperous countries of the North. When one visits them, one often encounters the objection that they are actually doing so wonderfully well that they could only be put down if Europe were somehow brought to the same level There is no doubt that this cannot be the goal of a planned, jointly managed European economic policy. Just as the goal of social and economic policy within the national community cannot be—this was precisely the error of Marxism—to forcibly suppress those who have risen to a higher level and leave the others where they are, but rather, just as the goal of a national economy within a social national community can only be to bring about the improvement of the remaining underdeveloped social strata of the population through all appropriate measures of state leadership, so too must one naturally assume, in a cooperative European economy that works together in a spirit of trust, that the common goal of this policy must be to bring the countries that have lagged behind economically for historical, geographical, climatic, or other reasons up to the level of the rest of Europe. It will then be noticed that the automatic interaction that has been noticeable between Germany and the southeast for years

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has made it possible that whoever contributes to bringing about this increase will also benefit from it in turn, and will have an ever greater impact in this case as well. It will be a mutual upward movement to a higher European level, and it will continually strengthen Europe's position in the world economy.

We Germans are convinced that this result of European economic cooperation and European economic isolation will be, and must be, one of the most important and decisive results of this war; and we believe and hope that the peoples of the European continent, who are now almost without exception fighting either with weapons in their hands or at least emotionally on our side, will also cooperate with us in this struggle for a new European economic structure in the same friendship, in the same trust, in the same comradeship as they did and continue to do on the European battlefields, for one thing is certain:

A truly peaceful European economy can only arise through joint cooperation, through the voluntary and joyful collaboration of all participating European nations. It cannot be the aim of a war to achieve anything in this area by coercion or force, but rather the aim of the statesmanlike leadership of the countries called upon to primarily break new ground in this field can only be to be pioneers, to show ways of exploiting the opportunity now presented by the war under the compulsion of necessity to build a European economy; but later, after the war, to leave the final construction and expansion of this house to the joint, voluntary cooperation of all European nations. For the prerequisite for success is the conviction among all European partners that such a development is in their interest just as much as it is in Germany's interest, that they are thereby pursuing not the policy of any one nation, but a European policy that simultaneously serves the well-being of their own country.

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Hunke's closing essay: the fundamental question

Hunke closes with the philosophical capstone. In August 1914, the world still saw the economy as an isolated, self-regulating phenomenon running by its own laws. Twenty-five years later, every state on earth treats the economy as a function of autonomous economic legislation.

The programme statement on page 211 turns the ethic into a standard: **tasks must be seen, grasped, and carried out *gleichsinnig* — uniformly, in the same sense**.

The strongest theoretical passage comes on page 214. The modern world economy wasn't self-sustaining. It lived off English world power while turning continental European nations into provincial members of the English world empire. **The world economy would only be real if humanity were politically unified**. As long as humanity remains a concept, it isn't a real fact but a phenomenon dependent on the political power that creates it and sets its extent and order. **It isn't natural law — it's an artefact of whoever controls the political power that sustains it**.

This reaches forward to the present: **the Sustainable Development Goals** — *seventeen goals adopted by all nations, measured through 231 indicators, claiming to represent all of humanity* — fill the gap Hunke identified. If humanity isn't politically real, the world economy has no carrier. **The SDGs make humanity politically real, giving the global clearing function the legitimation Hunke's analysis said it required**.

Page 215 adds Salisbury's explicit admission: '*We do not seek a division of territory in Europe, but only a sharing of the preponderance*'. **The continent's political impotence was, in Hunke's words, the prerequisite for English world domination**.

The Sustainable Development Goals

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12 November 2024
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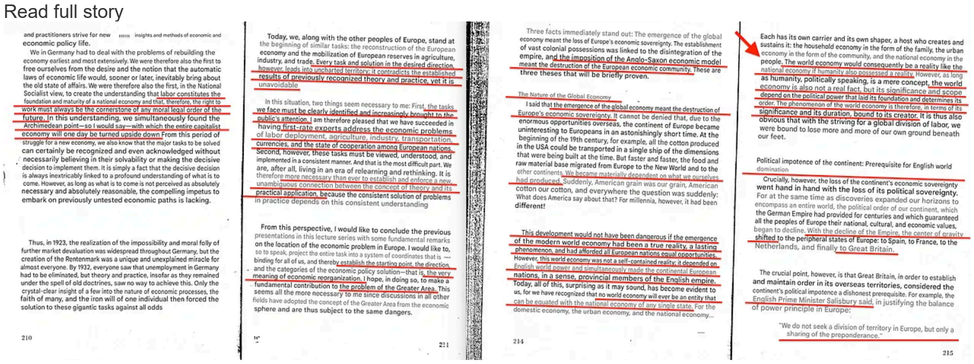

and practitioners strive for new insights and methods of economic and economic policy life.

We in Germany had to deal with the problems of rebuilding the economy earliest and most extensively. We were therefore also the first to free ourselves from the desire and the notion that the automatic laws of economic life would, sooner or later, inevitably bring about the old state of affairs. We were therefore also the first, in the National Socialist view, to create the understanding that labor constitutes the foundation and maturity of a national economy and that, therefore, the right to work must always be the cornerstone of any moral legal order of the future. In this understanding, we simultaneously found the Archimedean point—so I would say—with which the entire capitalist economy will one day be turned upside down From this period of struggle for a new economy, we also know that the major tasks to be solved can certainly be recognized and even acknowledged without necessarily believing in their solvability or making the decisive decision to implement them. It is simply a fact that the decisive decision is always inextricably linked to a profound understanding of what is to come. However, as long as what is to come is not perceived as absolutely necessary and absolutely reasonable, the compelling impetus to embark on previously untested economic paths is lacking.

Thus, in 1923, the realization of the impossibility and moral folly of further market devaluation was widespread throughout Germany, but the creation of the Rentenmark was a unique and unexplained miracle for almost everyone. By 1932, everyone saw that unemployment in Germany had to be eliminated, but theory and practice, insofar as they remained under the spell of old doctrines, saw no way to achieve this. Only the crystal-clear insight of a few into the nature of economic processes, the faith of many, and the iron will of one individual then forced the solution to these gigantic tasks against all odds

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Today, we, along with the other peoples of Europe, stand at the beginning of similar tasks: the reconstruction of the European economy and the mobilization of European reserves in agriculture, industry, and trade. Every task and solution in the desired direction, however, leads into uncharted territory; it contradicts the established results of previously recognized theory and practice, yet it is unavoidable

In this situation, two things seem necessary to me: First, the tasks we face must be clearly identified and increasingly brought to the public's attention. I am therefore pleased that we have succeeded in having first-rate experts address the economic problems of labor deployment, agriculture, industry, transportation, currencies, and the state of cooperation among European nations. Second, however, these tasks must be viewed, understood, and implemented in a consistent manner. And that is the most difficult part. We are, after all, living in an era of relearning and rethinking. It is therefore more necessary than ever to establish and enforce a new, unambiguous connection between the concept of theory and its practical application, because the consistent solution of problems in practice depends on this consistent understanding

From this perspective, I would like to conclude the previous presentations in this lecture series with some fundamental remarks on the location of the economic problem in Europe. I would like to, so to speak, project the entire task into a system of coordinates that is — binding for all of us, and thereby establish the starting point, the direction, and the categories of the economic policy solution—that is, the very meaning of economic reorganization. I hope, in doing so, to make a fundamental contribution to the problem of the Greater Area. This seems all the more necessary to me since discussions in all other fields have adopted the concept of the Greater Area from the economic sphere and are thus subject to the same dangers.

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Three facts immediately stand out: The emergence of the global economy meant the loss of Europe's economic sovereignty. The establishment of vast colonial possessions was linked to the disintegration of the empire, and the imposition of the Anglo-Saxon economic model meant the destruction of the European economic community. These are three theses that will be briefly proven.

The Nature of the Global Economy

I said that the emergence of the global economy meant the destruction of Europe's economic sovereignty. It cannot be denied that, due to the enormous opportunities overseas, the continent of Europe became uninteresting to Europeans in an astonishingly short time. At the beginning of the 19th century, for example, all the cotton produced in the USA could be transported in a single ship of the dimensions that were being built at the time. But faster and faster, the food and raw material base migrated from Europe to the New World and to the other continents. We became materially dependent on what we ourselves had produced. Suddenly, American grain was our grain, American cotton our cotton, and everywhere the question was suddenly: What does America say about that? For millennia, however, it had been different!

This development would not have been dangerous if the emergence of the modern world economy had been a true reality, a lasting phenomenon, and had afforded all European nations equal opportunities. However, this world economy was not a self-contained reality; it depended on English world power and simultaneously made the continental European nations, in a sense, provincial members of the English empire. Today, all of this, surprising as it may sound, has become evident to us, for we have recognized that no world economy will ever be an entity that can be equated with the national economy of any single state. For the domestic economy, the urban economy, and the national economy...

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Each has its own carrier and its own shaper, a host who creates and sustains it: the household economy in the form of the family, the urban economy in the form of the community, and the national economy in the people. The world economy would consequently be a reality like the national economy if humanity also possessed a reality. However, as long as humanity, politically speaking, is a mere concept, the world economy is also not a real fact, but its significance and scope depend on the political power that laid its foundation and determines its order. The phenomenon of the world economy is therefore, in terms of its significance and its duration, bound to its creator. It is thus also obvious that with the striving for a global division of labor, we were bound to lose more and more of our own ground beneath our feet.

Political impotence of the continent: Prerequisite for English world domination

Crucially, however, the loss of the continent's economic sovereignty went hand in hand with the loss of its political sovereignty. For at the same time as discoveries expanded our horizons to encompass an entire world, the political order of our continent, which the German Empire had provided for centuries and which guaranteed all the peoples of Europe their national, cultural, and economic values, began to decline. With the decline of the Empire, the center of gravity shifted to the peripheral states of Europe: to Spain, to France, to the Netherlands, and finally to Great Britain.

The crucial point, however, is that Great Britain, in order to establish and maintain order in its overseas territories, considered the continent's political impotence a dishonest prerequisite. For example, the English Prime Minister Salisbury said, in justifying the balance of power principle in Europe:

"We do not seek a division of territory in Europe, but only a sharing of the preponderance."

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Pages 219–220 hold the book's main structural argument, laid out as a direct comparison between Adam Smith and Friedrich List. Smith stands for the international division of labour, harmony between individuals, and market value as the highest value. List stands for political thinking, confederation as a pooling of productive forces, developing every nation's potential, and productive force as the highest value. **Hunke says they're completely opposed and the struggle between these two ideas will matter enormously for every European nation**.

Page 219 names the three substitutions that define the new economic categories: **the nation replaces the**

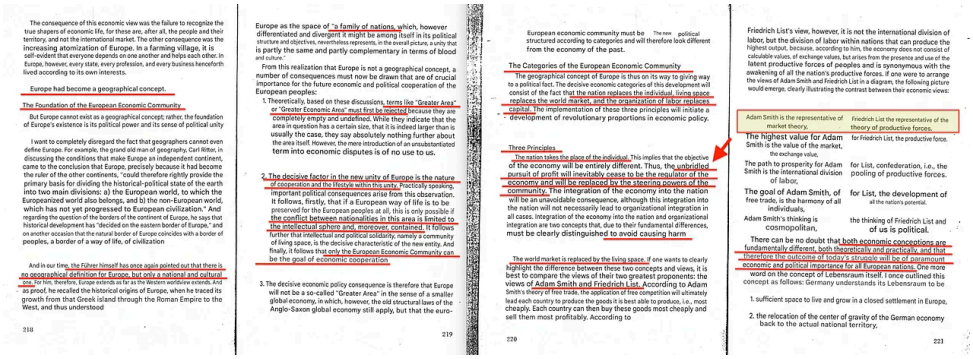
category — and each maps onto the postwar system, where **the EU member state is the unit, the single market is the field, and social cohesion rather than capital accumulation is the stated driver**.

Seen through the clearing function, the difference can be considered directional. **Smith's system pulls value upward**. The national economy serves the international operator — London's financial infrastructure, the gold standard, the sea lanes. Value flows up to where it's captured, like a child serving a parent. **List's system pushes value downward**. The national economy serves its own people. The tariff wall is the nation refusing to take its purpose from above. The *Zollverein* is neighbouring economies joining to strengthen their position against the outside operator. **Flows are managed to feed the children, not the parent**.

The 1942 volume is a List document. Every chapter describes the continental clearing function serving people below — Woermann's food self-sufficiency feeding Europeans, Reithinger's industrial convergence raising living standards in poorer regions, Beisiegel's labour mobility helping workers, and Funk's closing line making social obligations the top priority. **The ethic serves people below.** The clearing function shifts from extraction to development.

After the war, the system took in both sides. The EU talks like List — cohesion, solidarity, social market economy, community. People inside the EU feel List's influence: protection, convergence, services flowing downward. But **the EU's governing rules come from above — the BIS, Basel Committee, NGFS, ISO framework, SDG indicator set**.

The continental level pulls things together at shared standards, yet the parameters were set globally by institutions the EU can't control. **The EU looks like List on the inside but works like Smith one level up — the operator sits at Basel instead of London, and the direction's quietly flipped from serving people below to pulling value upward, wearing the old vocabulary as camouflage**. Hunke spotted Smith's problem correctly and offered List as the fix. The postwar system adopted Hunke's design but put Smith's direction back inside it. **The cure became the carrier for the disease it was meant to end**.



Hunke himself foresaw the risk. Page 223 warns explicitly: it **cannot be the intention to unite European countries through a customs union only to rebuild a smaller version of the English global economy with precisely the same flaws**. He designed the architecture to serve downward. He warned against reinstalling Smith's direction inside it. The postwar system did both.

Then comes the self-referential seal. **The *Großraum* idea must go**. What matters is the type of cooperation and the Lebensstil inside the unity. **The European economic community is both the goal and the means, so the architecture justifies itself**.

Page 210 states the end-goal argument more plainly than anywhere else in the volume. The National Socialists found den *archimedischen Punkt — the Archimedean point* — from which the whole capitalist economy is lifted off its hinges. But the decisive move to act always needs deep insight into the *Kommende* — what's coming. Until that future feels completely necessary and inevitable, there's no compelling reason to move. The architecture needs people to believe it's inevitable before it can be built.

Replace '*what's coming*' with anticipatory governance: planetary emergency, climate catastrophe, or systemic risk, and the mechanism's identical: the ethic must feel inevitable before the clearing function can roll out.

Earth in the Balance

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8 October 2025
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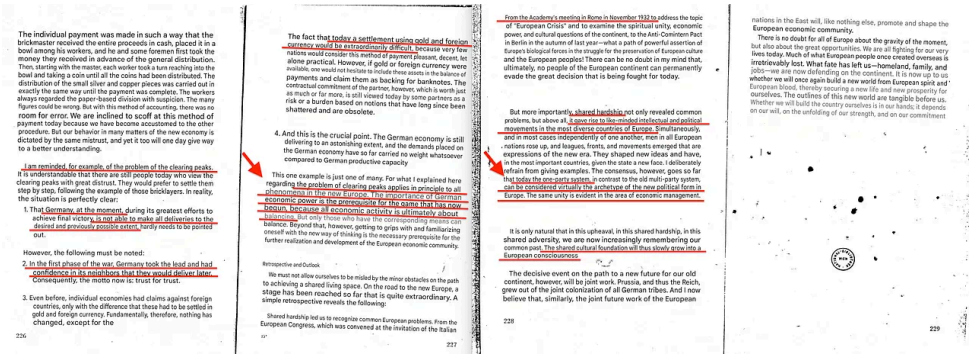
Pages 225–226 tackle *Clearingspitzen — clearing peaks* — the persistent imbalances that build up when one country keeps exporting more than it imports within the clearing system. Hunke says these don't matter as long as German productive capacity backs the system: '*die deutsche Wirtschaft liefert ja auch heute noch in einem erstaunlichen Ausmaß*'. **German economic power is the precondition for the game that's now begun, because** '*alles Wirtschaften ist einmal ein Ausgleichen*' — **all economic activity is ultimately a balancing act**. Swap Reichsmark clearing peaks for euro TARGET2 balances and Germany's still playing the same structural role — the surplus economy whose productive capacity keeps the clearing system running.

Page 226 names the mechanism: Germany took the lead and had confidence its neighbours would deliver later. The motto is trust for trust. **The same trust sustains TARGET2 — Germany accumulates claims against the system and trusts they'll be honoured**. The moment that trust breaks, the clearing peaks become unrecoverable debt.

independently — movements have emerged across all European peoples expressing the new political form. **The single-party system can virtually be regarded as the type of the new political form in Europe, and the same convergence appears in economic steering**. Three separate passages inside the volume — *Beisiegel's labour-administration survey, Benning's documentation that price-control authorities and price-freeze laws had been set up in every European country, and Hunke's political-form observation* — back up the convergent-implementation argument the essays make from outside the document.

The volume's own authors recognised these same institutional forms were arising independently across political systems.

Hunke himself bookends the volume with the 1932 Rome conference — citing it in the introduction as the origin and returning to it on page 227 as the starting point from which shared hardship revealed common problems and produced convergent movements across all European peoples.



The individual payment was made in such a way that the brickmaster received the entire proceeds in cash, placed it in a bowl among his workers, and he and some foremen first took the money they received in advance of the general distribution. Then, starting with the master, each worker took a turn reaching into the bowl and taking a coin until all the coins had been distributed. The distribution of the small silver and copper pieces was carried out in exactly the same way until the payment was complete. The workers always regarded the paper-based division with suspicion. The many figures could be wrong. But with this method of accounting, there was no room for error. We are inclined to scoff at this method of payment today because we have become accustomed to the other procedure. But our behavior in many matters of the new economy is dictated by the same mistrust, and yet it too will one day give way to a better understanding.

I am reminded, for example, of the problem of the clearing peaks. It is understandable that there are still people today who view the clearing peaks with great distrust. They would prefer to settle them step by step, following the example of those bricklayers. In reality, the situation is perfectly clear:

1. That Germany, at the moment, during its greatest efforts to achieve final victory, is not able to make all deliveries to the desired and previously possible extent, hardly needs to be pointed out.

However, the following must be noted:

2. In the first phase of the war, Germany took the lead and had confidence in its neighbors that they would deliver later. Consequently, the motto now is: trust for trust.

3. Even before, individual economies had claims against foreign countries, only with the difference that these had to be settled in gold and foreign currency. Fundamentally, therefore, nothing has changed, except for the

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The fact that today a settlement using gold and foreign currency would be extraordinarily difficult, because very few nations would consider this method of payment pleasant, decent, let alone practical. However, if gold or foreign currency were available, one would not hesitate to include these assets in the balance of payments and claim them as backing for banknotes. The contractual commitment of the partner, however, which is worth just as much or far more, is still viewed today by some partners as a risk or a burden based on notions that have long since been shattered and are obsolete.

4. And this is the crucial point. The German economy is still delivering to an astonishing extent, and the demands placed on the German economy have so far carried no weight whatsoever compared to German productive capacity

This one example is just one of many. For what I explained here regarding the problem of clearing peaks applies in principle to all phenomena in the new Europe. The importance of German economic power is the prerequisite for the gains that has now begun, because all economic activity is ultimately about balancing. But only those who have the corresponding means can oneself with the new way of thinking is the necessary prerequisite for the further realization and development of the European economic community.

Retrospective and Outlook

We must not allow ourselves to be misled by the minor obstacles on the path to achieving a shared living space. On the road to the new Europe, a stage has been reached so far that is quite extraordinary. A simple retrospective reveals the following:

Shared hardship led us to recognize common European problems. From the European Congress, which was convened at the invitation of the Italian

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From the Academy's meeting in Rome in November 1932 to address the topic of "European Crisis" and to examine the spiritual unity, economic power, and cultural questions of the continent, to the Anti-Comintern Pact in Berlin in the autumn of last year—what a path of powerful assertion of Europe's biological forces in the struggle for the preservation of European culture and the European peoples! There can be no doubt in my mind that, ultimately, no people of the European continent can permanently evade the great decision that is being fought for today.

But more importantly, shared hardship not only revealed common problems, but above all, it gave rise to like-minded intellectual and political movements in the most diverse countries of Europe. Simultaneously, and in most cases independently of one another, men in all European nations rose up, and leagues, fronts, and movements emerged that are expressions of the new era. They shaped new ideas and have, in the most important countries, given the state a new face. I deliberately refrain from giving examples. The consensus, however, goes so far that today the one-party system, in contrast to the old multi-party system, can be considered virtually the archetype of the new political form in Europe. The same unity is evident in the area of economic management.

It is only natural that in this upheaval, in this shared hardship, in this shared adversity, we are now increasingly remembering our common past. The shared cultural foundation will thus slowly grow into a European consciousness.

The decisive event on the path to a new future for our old continent, however, will be joint work. Prussia, and thus the Reich, grew out of the joint colonization of all German tribes. And I now believe that, similarly, the joint future work of the European

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nations in the East will, like nothing else, promote and shape the European economic community.

There is no doubt for all of Europe about the gravity of the moment, but also about the great opportunities. We are all fighting for our very lives today. Much of what European people once created overseas is irretrievably lost. What fate has left us—homeland, family, and jobs—we are now defending on the continent. It is now up to us whether we will once again build a new world from European spirit and European blood, thereby securing a new life and new prosperity for ourselves. The outlines of this new world are tangible before us. Whether we will build the country ourselves is in our hands; it depends on our will, on the unfolding of our strength, and on our commitment

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The structural finding

Ten sections by nine authors, 229 pages, published in September 1942 under the title that became the name of the institution the Treaty of Rome established fifteen years later.

One absence matters as much as anything in the book. Published seven months after the Wannsee Conference, **it contains virtually no antisemitic content**. Funk's passing reference to Ricardo carrying '*a considerable dose of Jewish thought*' is the only instance across 229 pages. **Nine Nazi-era authors wrote the regime's most detailed economic plan, yet the racial ideology that defined them is almost entirely absent**. This confirms what the structural reading shows: **the architecture doesn't depend on any specific ethic**. The authors wrote a design meant to outlast whatever ethic justified it, including their own.

Every layer of postwar European institutional architecture appears in operational detail in this single volume.

Funk's central clearing place, Benning's three-tier currency structure, and Clodius's confirmation that payment regulation is the only instrument that matters describe **the clearing mechanism**.

Woermann's country-by-country breakdown, production-steering treaties, guaranteed prices, and planned complementarity cover **agriculture**.

Reithinger's five-region model, convergence logic, and the integration of social consequences into planning cover **industry**.

Beisiegel's treaty-based labour exchange, standardised contracts, social insurance portability, and remittance clearing handle **human capital**.

Koenigs's railway harmonisation, canal network, motorway extension, shipping pools, and aviation protocols describe **transportation**.

Benning's partner-currency system, managed exchange-rate flexibility, and rejection of premature single currency on convergence grounds set out the **monetary architecture**.

Clodius's bilateral-to-multilateral accumulation and the invisible clearing system where the individual notices nothing describe the **treaty method**.

Funk's Direktiven are the **administrative instruments**.

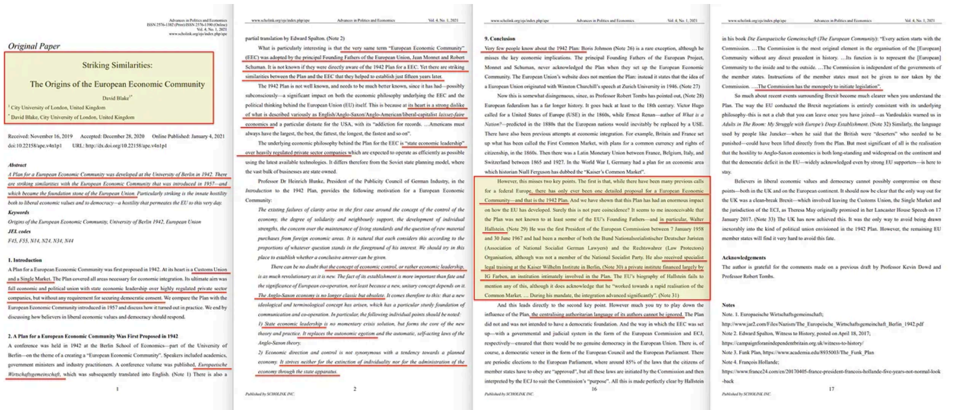
Five sections of the report assemble into a single operating manual. **The architecture's purpose is the fulfilment of social obligations** *(Funk)*, and **the world economy serves whoever operates it — it's a power artefact, not natural law** *(Hunke)*. Every state on earth has already made its economy a function of state direction *(Hunke)*, and the German economy should serve the nation's goals *(Reithinger)*. **The individual, meanwhile, should notice nothing**: freedom appears restored while the clearing function works beneath the surface *(Clodius)*.

The economy is a control surface subordinated to political purpose. It looks like freedom from the inside, because the control mechanism is invisible. And the architecture serves whoever sets the standards for the clearing function.

In other words — **this is Julius Wolf and Eduard Bernstein's '*Third Way*'**. The clearing mechanism designed by one Jewish economist and the installation method designed by another. The architecture took both, credited neither, and erased both from history.

It carries attributes of both socialism and capitalism, ensuring neither political camp will take ownership, with neither understanding quite where to place it. And **the Nazi leadership realised that this was a fight for economic supremacy, and identified London as their primary adversary**.

The system the Nazi leaders laid out in detail mirrors what was later adopted in the Treaty of Rome in 1957. David Blake's 2020 City University paper, *Striking Similarities: The Origins of the European Economic Community*24, documents the terminological and structural parallels. Blake notes that it is not known whether Jean Monnet and Robert Schuman were directly aware of the 1942 plan, but that **it seems inconceivable that Walter**



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Original Paper

Striking Similarities:

The Origins of the European Economic Community

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Abstract

A Plan for a European Economic Community was developed at the University of Berlin in 1942. There are striking similarities with the European Economic Community that was introduced in 1957—and which became the foundation stone of the European Union. Particularly striking is the innate hostility both to liberal economic values and to democracy—a hostility that permeates the EU to this very day.

Keywords

Origins of the European Economic Community, University of Berlin 1942, European Union

JEL codes

F45, F55, N14, N24, N34, N44

1. Introduction

A Plan for a European Economic Community was first proposed in 1942. At its heart is a Customs Union and a Single Market. The Plan covered all areas necessary for economic integration. Its ultimate aim was full economic and political union with state economic leadership over highly regulated private sector companies, but without any requirement for securing democratic consent. We compare the Plan with the European Economic Community introduced in 1957 and discuss how it turned out in practice. We end by discussing how believers in liberal economic values and democracy should respond.

2. A Plan for a European Economic Community Was First Proposed in 1942

A conference was held in 1942 at the Berlin School of Economics—part of the University of Berlin—on the theme of a creating a "European Economic Community". Speakers included academics, government ministers and industry practitioners. A conference volume was published, *Europaeische Wirtschaftsgemeinschaft*, which was subsequently translated into English. (Note 1) There is also a

partial translation by Edward Spalton. (Note 2)

What is particularly interesting is that the very same term "European Economic Community" (EEC) was adopted by the principal Founding Fathers of the European Union, Jean Monnet and Robert Schuman. It is not known if they were directly aware of the 1942 Plan for a EEC. Yet there are striking similarities between the Plan and the EEC that they helped to establish just fifteen years later.

The 1942 Plan is not well known, and needs to be much better known, since it has had—possibly subconsciously—a significant impact on both the economic philosophy underlying the EEC and the political thinking behind the European Union (EU) itself. This is because at its heart is a strong dislike of what is described variously as English/Anglo-Saxon/Anglo-American/liberal-capitalist *laissez-faire* economics and a particular distaste for the USA, with its "addiction for records. ...Americans must always have the largest, the best, the fattest, the longest, the fastest and so on".

The underlying economic philosophy behind the Plan for the EEC is "state economic leadership" over heavily regulated private sector companies which are expected to operate as efficiently as possible using the latest available technologies. It differs therefore from the Soviet state planning model, where the vast bulk of businesses are state owned.

Professor Dr Heinrich Hunke, President of the Publicity Council of German Industry, in the *Introduction* to the 1942 Plan, provides the following motivation for a European Economic Community:

The existing failures of clarity arise in the first case around the concept of the control of the economy, the degree of solidarity and neighbourly support, the development of individual strengths, the concern over the maintenance of living standards and the question of raw material purchases from foreign economic areas. It is natural that each considers this according to the proportions of whatever question stands in the foreground of his interest. We should try in this place to establish whether a conclusive answer can be given.

There can be no doubt that the concept of economic control, or rather economic leadership, is as much revolutionary as it is new. The fact of its establishment is more important than fate and the significance of European co-operation, not least because a new, unitary concept depends on it. The Anglo-Saxon economy is no longer classic but obsolete. It comes therefore to this: that a new ideological and terminological concept has arisen, which has a particular sturdy foundation of communication and co-operation. In particular, the following individual points should be noted:

1) State economic leadership is no momentary crisis solution, but forms the core of the new theory and practice. It replaces the autonomic egotism and the automatic, self-acting laws of the Anglo-Saxon theory;

2) Economic direction and control is not synonymous with a tendency towards a planned economy. It strives neither for the extinction of individuality nor for the administration of the economy through the state apparatus.

9. Conclusion

Very few people know about the 1942 Plan: Boris Johnson (Note 26) is a rare exception, although he misses the key economic implications. The principal Founding Fathers of the European Project, Monnet and Schuman, never acknowledged the Plan when they set up the European Economic Community. The European Union's website does not mention the Plan: instead it states that the idea of a European Union originated with Winston Churchill's speech at Zurich University in 1946. (Note 27)

Now this is somewhat disingenuous, since, as Professor Robert Tombs has pointed out, (Note 28) European federalism has a far longer history. It goes back at least to the 18th century. Victor Hugo called for a United States of Europe (USE) in the 1860s, while Ernest Renan—author of *What is a Nation?*—predicted in the 1880s that the European nations would inevitably be replaced by a USE. There have also been previous attempts at economic integration. For example, Britain and France set up what has been called the First Common Market, with plans for a common currency and rights of citizenship, in the 1860s. Then there was a Latin Monetary Union between France, Belgium, Italy, and Switzerland between 1865 and 1927. In the World War I, Germany had a plan for an economic area which historian Niall Ferguson has dubbed the "Kaiser's Common Market".

However, this misses two key points. The first is that, while there have been many previous calls for a federal Europe, there has only ever been one detailed proposal for a European Economic Community—and that is the 1942 Plan. And we have shown that this Plan has had an enormous impact on how the EU has developed. Surely this is not pure coincidence? It seems to me inconceivable that the Plan was not known to at least some of the EU's Founding Fathers—and in particular, Walter Hallstein. (Note 29) He was the first President of the European Commission between 7 January 1958 and 30 June 1967 and had been a member of both the Bund Nationalsozialistischer Deutscher Juristen (Association of National Socialist German Lawyers) and the Rechtswahrer (Law Protectors) Organisation, although was not a member of the National Socialist Party. He also received specialist legal training at the Kaiser Wilhelm Institute in Berlin, (Note 30) a private institute financed largely by IG Farben, an institution intimately involved in the Plan. The EU's biography of Hallstein fails to mention any of this, although it does acknowledge that he "worked towards a rapid realisation of the Common Market. ... During his mandate, the integration advanced significantly". (Note 31)

And this leads directly to the second key point. However much you try to play down the influence of the Plan, the centralising authoritarian language of its authors cannot be ignored. The Plan did not and was not intended to have a democratic foundation. And the way in which the EEC was set up—with a governmental and judicial system in the form of the European Commission and ECJ, respectively—ensured that there would be no genuine democracy in the European Union. There is, of course, a democratic veneer in the form of the European Council and the European Parliament. There are periodic elections to the European Parliament, where around 85% of the laws that the citizens of member states have to obey are "approved", but all these laws are initiated by the Commission and then interpreted by the ECJ to suit the Commission's "purpose". All this is made perfectly clear by Hallstein

in his book *Die Europaeische Gemeinschaft* (*The European Community*): "Every action starts with the Commission. ...The Commission is the most original element in the organisation of the [European] Community without any direct precedent in history. ...Its function is to represent the [European] Community to the inside and to the outside. ...The Commission is independent of the governments of the member states. Instructions of the member states must not be given to nor taken by the Commission. ....The Commission has the monopoly to initiate legislation".

So much about recent events surrounding Brexit become much clearer when you understand the Plan. The way the EU conducted the Brexit negotiations is entirely consistent with its underlying philosophy-this is not a club that you can leave once you have joined—as Vardoulakis warned us in *Adults in The Room: My Struggle with Europe's Deep Establishment*. (Note 32) Similarly, the language used by people like Juncker—when he said that the British were "deserters" who needed to be punished—could have been lifted directly from the Plan. But most significant of all is the realisation that the hostility to Anglo-Saxon economics is both long-standing and widespread on the continent and that the democratic deficit in the EU—widely acknowledged even by strong EU supporters—is here to stay.

Believers in liberal economic values and democracy cannot possibly compromise on these points—both in the UK and on the European continent. It should now be clear that the only way out for the UK was a clean-break Brexit—which involved leaving the Customs Union, the Single Market and the jurisdiction of the ECJ, as Theresa May originally promised in her Lancaster House Speech on 17 January 2017. (Note 33) The UK has now achieved this. It was the only way to avoid being drawn inexorably into the kind of political union envisioned in the 1942 Plan. However, the remaining EU member states will find it very hard to avoid this fate.

Acknowledgements

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Notes

Note. 1. Europaeische Wirtschaftsgemeinschaft;
http://www.jar2.com/Files/Nazism/The_Europeische_Wirtschaftsgemeinchaft_Berlin_1942.pdf

Note 2. Edward Spalton, Witness to History, posted on April 18, 2017;
https://campaignforanindependentbritain.org.uk/witness-to-history/

Note 3. Funk Plan, https://www.academia.edu/8935003/The_Funk_Plan

Note 4. François Hollande;
https://www.france24.com/en/20170405-france-president-francois-hollande-five-years-not-normal-look-back

The operating sequence shown across nine chapters — *ethic* *authorising standard,* ***standard*** *feeding clearing,* ***clearing*** *producing settlement,* ***settlement*** *reinforcing ethic* **— was identified by Julius Wolf in the 1890s through his analysis of the London Bankers' Clearing House and his proposals for international monetary coordination at the Brussels Conference of 1892**. Wolf designed the grammar, the 1942 volume wrote sentences in it, and everyone since has written sentences in it without knowing where the grammar came from.

The ethic shifted from national community *(Volksgemeinschaft)* to European solidarity, and later to global sustainability, while the capital moved from Berlin to Brussels, and the clearing function to Basel. The plan was laid out in considerable detail in 1942, and the institutional form was established in 1957.

They didn't even bother changing the name.

Julius Wolf

esc

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10 Apr

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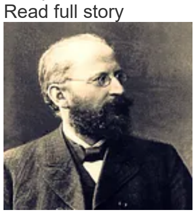

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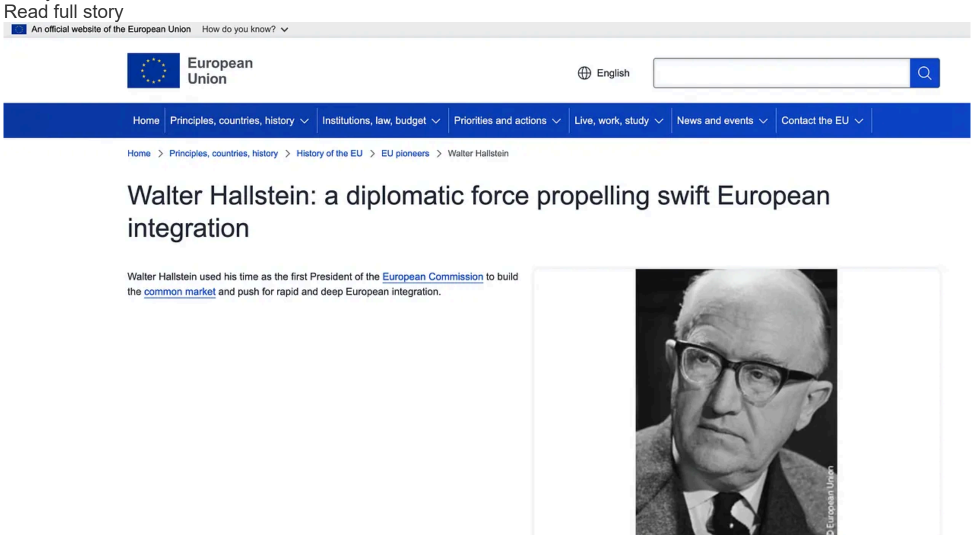

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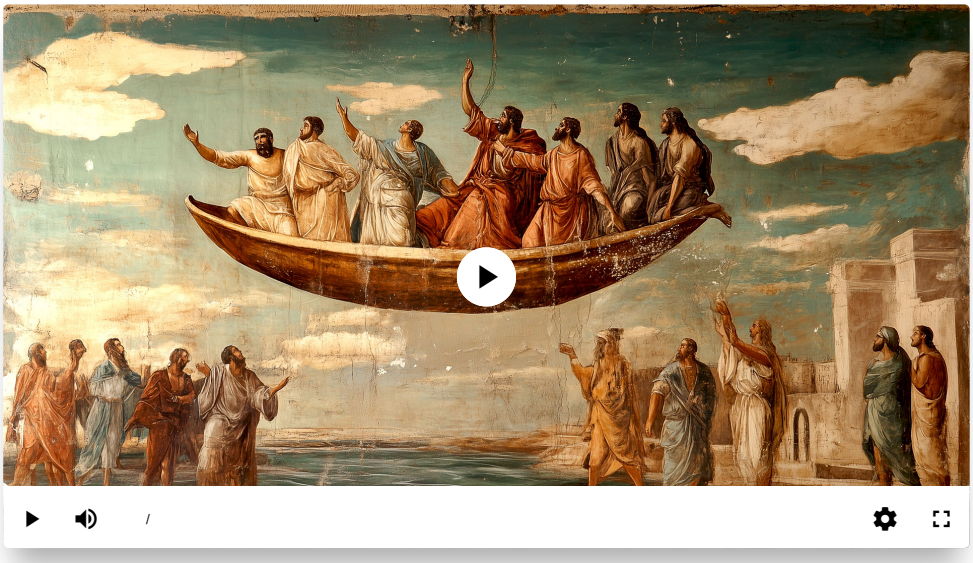

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